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THE AVAILABLE RESULTS AND PROSPECTS FOR FURTHER REFORMING OF THE DOMESTIC BUDGET ACCOUNTING

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The problems of the domestic public sector resulted in effective search tools for improving its effectiveness, including by optimizing the accounting system. The aim of the study is to assess the resources available accounting reform in the public sector in terms of identifying problems and finding directions to solve them. The study was reviewed the current state of public sector accounting subsystem Ukraine, the Strategy modernization of accounting in the public sector in 2007-2015's, the content of national and international accounting standards in the public sector. The study identified the problems of the present stage of the process of reforming the national budget accounting and proposed solutions.

Keywords: *budget accounting, public sector, modernization strategy, position (standard) accounting.*

The existing problems in domestic public sector are urging us search for effective tools to improve its efficiency, including through optimizing the accounting system. In turn, budget accounting as a process of identifying, measuring, recording, accumulation, compilation, storage and transmission of information on the formation and use of state and local budgets, and performance estimates of income and expenditure budget institutions serving the real mechanism of transformation of budgetary resources in the factor of effective social based economic growth in Ukraine. The foregoing resulted in the allocation of finding prospects reform of accounting in the public sector Ukraine as urgent practical problem nationwide.

The problems of the current state and development of the national accounting system of the public sector considered in N.V. Borisova, L.G. Lovinska, V.M. Metelitsa, A. Farion, V.M. Khomko, G.V. Brik, T.I. Homulyaka, O.M. Chemeris and others [1-7], but the available results of reforming the public sector is not analyzed, and the prospects of budget accounting standardization in Ukraine were not allocated as a priority to improve it. Focusing on this aspect makes the research actual and as having theoretical and practical value.

The aim of the study is to evaluate the results of existing accounting reform in the public sector in terms of identifying problem areas and finding their solutions.

In the study set and consistently following tasks:

- the current state of public sector accounting subsystem in Ukraine and trends within its optimization strategy of modernization of the accounting system in the public sector for 2007 - 2015 years;
- a critical analysis of content and the list of national and international accounting standards in the public sector;
- the basic directions of reforming public sector accounting subsystem Ukraine.

According to the strategy of modernization of the accounting system in the public sector 2007 - 2015 [8] improvement of the national budget accounting is currently under consideration by improving the methodology of accounting and reporting and unification of organizational and information support accounting by standardization. This can be seen from the planned measures for implementation the Strategy, the highest share occupied by activities, which directly and indirectly related to the introduction of national regulations (standards) of accounting in the public sector (R(S)APS), namely:

- in order of improvement in accounting system - development and implementation of national regulations (standards) of accounting;
- as part of improving financial reporting and reporting on budget execution - improvement of methodology of existing reporting forms, development and introduction of new forms of financial reporting and budget implementation reporting, including consolidated, which is possible only under unified conceptual basis of accounting, regulated standards;
- in order of unified organizational and informational accounting system - adaptation of the budget system, which was created on the basis of program budgeting, to new methodological principles of accounting laid down in paragraph R(S)APS and gain control over compliance with the rules of accounting and reporting, improving training and retraining staff of financial and accounting services and unification of software used by public

sector entities, which is associated with new regulations - national regulations (standards) of accounting in the public sector.

Undoubtedly, using accounting standards instruments can significantly increase the effectiveness of the accounting subsystem within the public sector, but only in a clear understanding of the basic elements - objects, criteria, areas of standardization, requirements, which are subject to be regulated in standards, etc., and consistent implementation of the program their implementation. However, analysis of the content of measures to modernize the accounting system in the public sector in 2007 demonstrated the lack of a clear action plan and monitor the implementation of the developed measures. Yes, repeatedly violated a timely implementation of the Strategy, including:

- the introduction of the national R(S)APS was postponed from 01.01.2013 to 01.01.2015 (in fact enacted 9 R(S)APS, 10 more are planned to start applying from 01.01.2016);
- the development of a single plan of accounts in the public sector, harmonized with budget classification, was moved from 2010-2012 on 2013 (in fact the use of accounts is supposed only from 01.01.2016);
- adaptation of regulatory and methodological support for account budget was postponed from 2010-2012 to 2013-2014.

Most measures have repeatedly been revised and corrected: the results of recent changes (Cabinet of Ministers of Ukraine of 09.01.2013 № 11) is cancellation seven of the nineteen initially developed points [8].

Overall, the measures of the Strategy always looked inconsistent and contradictory. In particular, in 2013-2014 following positions were scheduled:

- adaptation of regulatory and methodological support for the implementation of the budget execution transactions considering changes in the accounting system in the public sector;
- the development of guidance on the implementation of national R(S)APS;
- the organization training the Ministry of Finance of Ukraine and of the Treasury staff, chief managers of the state budget and funds of compulsory state social and pensions insurance on the application of domestic R(S)APS.

Logically, it should meant that in 2013 the country had already had complex system accounting standards - developed, approved and ready for implementation. In this case, improvement planning R(S)APS in accordance with international requirements in 2013-2015 looks weird. Does this mean that after the adaptation of the regulatory framework and interested persons retraining, R(S)APS will be reviewed in accordance with international standards, or view worth the wait, and then make an emergency rate adjustment and retraining, the Strategy did not specify, however, showed inconsistencies developed measures.

Moreover, given the quintessence of international accounting standards - advisory and multialternative character, measures to develop instructions of chart of accounts using in the public sector and the typical correspondence of accounts to reflect the basic operation of budgetary institutions, funds of state social and pension insurance operations and the implementation of state and local budgets looks under international trends.

The desire to keep strict regulation when implementing budget accounting bases its international organization, perhaps, is the main efforts of the developers of this document. Surprisingly, as a result of strategies they expect to achieve "adapting accounting legislation to international standards" and "raise the status of responsibility and heads of financial and accounting services of the public sector entities "[8] that almost unattainable because of declaration strict regulation of accounting process in budgetary institutions from the higher authorities.

The Strategy focuses on the definition of national regulations (standards) of accounting and financial reporting in the public sector as regulations issued by the State Treasury of Ukraine and chief managers of budget funds and approved by the Ministry of Finance of Ukraine. Comparison is their list and contents reveals that the conformity of R(S)APS international financial reporting standards in the public sector (IFRS) as amended in 2010 to 19th position with 20 - Table. 1.

In this case the problem is not about borrowing international counterpart, and the possible absence of its current contents of the more that the official website of the Ministry of Finance of Ukraine is a list of international standards as of 2008, which isn't allow your employees to understand current trends in international accounting system .

Critical analysis of the list of standards for the public sector in Ukraine and their international counterparts showed a significant reduction in the volume of regulated information in national regulations, in particular:

- by a group of standards general methodological regulation reporting no analogs international standard 14 "Events after the reporting date," 22 "Disclosures in the Financial Statements of the sector of public administration", 2 "Statement of Cash Flows", 24 "Presentation of the financial statements information about the performance budgets";

Table 1

Comparative analysis of the list of domestic and international standards in the public sector

№	list of R(S)APS as of 01.09.2013	list of IFRSs as of 2010
1	2	3
1	101 "Presentation of Financial Statements"	1 "Presentation of Financial Statements" 2 "Statement of Cash Flows" 14 "Events after the reporting date " 22 "Disclosures in the Financial Statements of the sector of public administration " 24 " Presentation of the financial statements information about the performance budgets "
2	102 "Consolidated Financial Statements"	6 "Consolidated Financial Statements and Accounting for Controlled Entities"
3	103 "Financial Reporting by segment"	18 "Segment Reporting"
4	105 "Financial reporting in hyperinflationary economies"	10 "Financial reporting in hyperinflationary economies"
5	121 "Fixed assets"	17 "Fixed Assets"
6	122 "Intangible assets"	31 "Intangible Assets"
7	123 "Inventories"	12 "Inventories"
8	124 "Income"	9 "Revenue from Exchange Transactions" 23 "Revenue from non-exchange transactions (taxes and transfers)"
9	125 "Changes in accounting estimates and correction of errors"	3 "Net Surplus or Deficit for the Period, Fundamental Errors and Changes in Accounting Policies"
10	126 "Rent"	13 "Lease"
11	127 "Impairment of Assets"	21 "Impairment of assets that do not generate cash" 26 "Impairment of assets that generate cash"
12	128 "Obligations"	19 "Provisions, Contingent Liabilities and Contingent Assets"
13	129 "Investment Property"	16 "Investment Property"
14	130 "Effects of Changes in Foreign Exchange Rates"	4 "The Effects of Changes in Foreign Exchange Rates"
15	132 "Employee Benefits"	25 "Employee Benefits"
16	133 "Financial investments"	7 "Accounting for Investments in Associates" 8 "Financial Reporting of Interests in Joint Ventures" 20 "Disclosure of related party"
17	134 "Financial Instruments"	15 "Financial Instruments: Disclosure and Presentation Information" 28 "Financial Instruments: Presentation" 29 "Financial Instruments: Recognition and Measurement" 30 "Financial Instruments: Disclosures"
18	135 "Expenses"	5 "Borrowing Costs"
19	131 "Construction Contracts"	11 "Construction Contracts"
20		27 "Agriculture"

- by a group of standards governing the accounting of certain types of objects missing detail: one R(S)APS 124 "Income" replaces the international standard 23 "Revenue from non-exchange transactions (taxes and transfers)" and 9 "Revenue from Exchange Transactions", R(S)APS 127 "Impairment of Assets" - Standard 21 "Impairment of assets that do not generate cash" and 26 "Impairment of assets that generate cash", R(S)APS 133 "Financial investments" - standards 7 "Accounting Investments in Associates", 20 "Disclosure of related

party", 8 "Financial Reporting of Interests in Joint Ventures", R(S)APS 134 "Financial Instruments" - Standards 15 "Financial Instruments: Disclosure and Presentation Information", 28 "Financial Instruments: Presentation", 29 "Financial Instruments: Recognition and Measurement", 30 "Financial Instruments: Disclosures";

- by a group of standards governing the special conditions of domestic analogue no international standard 27 "Agriculture".

In this sense, revealing the procedure for disclosure of public sector international standards on the official website of the Ministry of Finance of Ukraine, the first 20 are international standards as of 01.01.2003 without further revision by the International Federation of Accountants.

As for the correspondence of national regulations (standards) of accounting in the public sector and their international counterparts (as of 2010), analysis of R(S)APS 121 and IFRSPS 17 "Fixed Assets" [9,10] allowed to state the following:

- for the presentation IFRSPS 17 is more detailed and comprehensible to users, for the information explaining specific examples;

- R(S)APS 121 provides more interpretations used terms but their definition in international and national standards are not the same (eg, IFRSPS suggests the possibility of considering the useful life of assets as the number of units that budget entity expects to realize from their use, R(S)APS considers possible submission of this indicator alone as a time period);

- R(S)APS tries to give more explanations on the regulation of the level of budget institutions: in particular, a definition of fixed assets as a unit of account, tightly regulated of fixed assets cost limit established by assigning assets to fixed assets, explained points start, suspension, termination depreciation etc.

- are not the same as the basic positions of accounting of fixed assets, including depreciation method (in R(S)APS - straight in IFRSPS - straightforward production, the balance, which decreases), priority assessment (in R(S)APS - the original in IFRSPS - fair value), etc;

- the national standard is no requirement to review, at least once a year, residual values, useful life and depreciation method of assets;

- IFRSPS imposes significant requirements for the content of information on fixed assets disclosed in the financial statements of budgetary institutions.

Thus, a comparative analysis of the content of R(S)APS 121 and IFRSPS 17 can say that, unfortunately, national standards do not take into account the current requirements of International Accounting and does not extend the independence of the accounting staff and managers on management decisions within the framework of the accounting policies, and thus impede the achievement of the main objectives of the Strategy of modernization of the accounting system in the public sector 2007 - 2015 rr.

Analysis of the steps of updating the existing regulatory framework budget accounting, in particular, made in 2013, clearly demonstrates their inconsistency: 06.26.2013 by the Ministry of Finance of Ukraine № 611 approved the new plan accounts budgetary institutions, Regulation on accounting of fixed assets The provisions of budgetary institutions and accounting of financial investments budgetary institutions [11]. Two recent documents invalid in less than a year and a half according to the Ministry of Finance of Ukraine of 11.25.2014 № 1163. If you close your eyes to the dynamics of change that can not be considered as a positive factor, the good news is the abolition of strict regulation of accounting so important about of the object as fixed assets. As of 01.03.2015 organization and maintenance of fixed assets, in addition to the Chart of Accounts budget entities and sub Typical correspondence, regulating R(S)APS 121 and Guidelines on accounting of fixed assets of public sector entities (Ministry of Finance Ukraine from 01.23.2015 № 11) [12].

A comparative analysis of their contents allowed to state the following:

1. Conceptual positions R(S)APS 121 for recognition, the formation of the value of fixed assets depreciation algorithm, etc. are repeated verbatim, but not illustrated in the Guidelines, because you can not seriously consider using an employee interpretation species fixed assets within their classification.

2. Instead of it, procedural issues initial and analytical accounting conduction should be decoding in Guidelines .

3. Some absent issues in the R(S)APS 121 had been developed additionally, particular, account of fixed assets under lease, account maintenance and improvement of fixed assets, revaluation and impairment of fixed assets disposals accounting, accounting incomplete capital investments.

4. Excluded from consideration such important issues as disclosure of fixed assets in the notes to the financial statements.

Thus, we can conclude that the use of Methodical recommendations on accounting of fixed assets of public sector entities not closer or accounting workers, compilers reporting, or potential users to its primary objective reporting - providing bases to justify management decisions, because, as before, the circle of those who really decides on budgetary institutions, too narrowly delineated higher spending units and the authorities.

The lack of freedom within your budget cycle facilities illustrates another definition - accounting policies. This important tool of effective management of the entity is given two points R(S)APS 101 "Presentation of Financial Statements" [13]

1. "Accounting policy is based on national regulations (standards) of accounting in the public sector ... in regulatory documents, which must be established valuation methods, accounting, types of segments and their priorities and procedures shall apply subject public sector and for which the regulatory legal acts on accounting provides more than one, and the order of accounting. The subject of the public sector has consistently apply accounting policies..."

2. "If national provisions (standards) of accounting in the public sector provides the use of several evaluation methods, the subject of the public sector should choose and apply consistently one of them."

Such a tiny declaration makes doubt in the desire to reform the public sector, in particular to put in the budget accounting definition of accounting policies, which was previously simply ignored. The emergence of "Fresh" regulations - guidelines for the accounting policies of the public sector (Ministry of Finance of Ukraine of 01.23.2015 № 11) [14] raised hope for change in the situation, which does not come true. Results the recommended list of elements accounting policies in public sector and business entity (according to the order of the Ministry of Finance of Ukraine of 06.27.2013 № 635 [15]), presented in Table. 2, showed significant simplistic of budgetary institutions' accounting policies - 7 positions compared to 32.

Table 2

List items accounting policies and public sector business entity

№	According to the guidelines for the accounting policies of the public sector	According to the Methodical recommendations on enterprises' accounting policies
1	2	3
1	unit analytical accounting definition of inventory	units analytical accounting reserves
2	procedure analytical account of inventories forms of primary documents used for inventory of the movement developed independently of the public sector entity	
3	disposal methods for evaluating stocks	disposal methods for evaluating stocks
4	identification weighted average unit cost of inventory	identification weighted average unit cost of stocks
5	the accounting and distribution transportation and procurement costs, maintaining a separate sub-account or analytical accounts transportation and procurement costs	the accounting and distribution transportation and procurement costs, maintaining a separate sub-account transportation and procurement costs
6		methods of depreciation of fixed assets and other non-current tangible assets, intangible assets and long-term biological assets and investment property, if they are carried at cost
7		signs cost items that are part of the low-value non-current tangible assets
8		approaches to the revaluation of fixed assets
9		approaches to the inclusion of the frequency of revaluation of fixed assets to retained earnings
10	useful lives of fixed assets	
11	useful lives of intangible assets	
12		Application of Class 8 and / or 9 Chart of Accounts for assets, capital, liabilities and business operations of enterprises and

		organizations
13		list and composition of variable and fixed overhead cost, base their distribution
14	for composition and calculation of the production of articles of goods (works, services)	for items costing composition and production of goods (works, services)
15		procedure for determining the degree of completion of the construction contract
16		date of acquired in a systematic transactions of financial assets
17		cost-sharing basis for transactions with equity instruments
18		method of calculating the allowance for doubtful debts (if necessary - way of determining the uncertainty factor)
19		created provisions for liabilities and charges
20		order payments made on account of profit (for government and public enterprises)
21		procedure for assessing the degree of completion of transactions to provide services
22		business segments, segment priority species, the principles of pricing calculations farm
23		quantitative criteria and qualitative materiality features information on business operations, events and articles financial statements
24		frequency display of deferred tax assets and deferred tax liabilities
25		operating facilities distinction between real estate and investment property
26		approaches to the classification of related parties
27		date of the inclusion of ordinary shares, issue of which is registered to the calculation of the average number of ordinary shares outstanding
28		date of initial recognition, non-current assets and disposal groups as held for sale
29		drawing up separate balance branches, representative offices and other subdivisions of enterprises
30		frequency and inventory objects
31		way of the statement of cash flows
32		approaches to the classification of expenses related to the improvement of fixed assets in the initial cost or expense reporting period

Similar results were obtained from analysis of other areas of accounting and budget reform proposed measures. In other words, studies have demonstrated that systemic problems continue to process domestic regulatory reform budget accounting for the following positions [16]:

1. Strict regulation of almost all accounting of budgetary institutions can not produce adequate management decisions aimed at increasing the efficiency of institutions, and accounting employees - to show creativity in solving accounting problems.

2. Inconsistency between national accounting standards in the public sector and international counterparts on key positions doesn't allow use foreign experience effectively for optimizing accounting.

Solving problem of accounting subsystem optimization of public sector Ukraine, which is currently seen in standardization is based on international financial reporting standards in the public sector is only possible by implementing IFRSPS by developing specific ways to incorporate these international legal norms in the national legal system.

It should be noted that in Ukraine the introduction of international accounting standards and financial reporting practices in accounting is indirect in nature. Despite the adoption of the Strategy implementation of international financial reporting standards in Ukraine (Cabinet of Ministers of Ukraine of 24.10.2007, № 911-p),

a number of memorandums of cooperation and coordination in Ukraine on the use of International Financial Reporting Standards (decision of the National Bank of Ukraine and Ministry of Finance Ukraine from 10.06.2011, a joint decision of the NBU, Ministry of Finance, National Commissions for Securities and Stock Market of State Regulation of Financial Services Markets, the State Tax Service of Ukraine, Statistics Service, a number of community organizations nationwide, including UFPA, SAU, League of Insurance Organizations of Ukraine from 20.03.2012), the establishment of the International Financial Reporting Standards (Ministry of Finance of Ukraine of 01.18.2013 № 20) no real documents on the implementation of IFRS and, moreover, IFRSPS, at the moment does not exist. Although in the world there is a fairly simple algorithm for the introduction of international standards in national accounting practice:

- 1) getting from the IFRS Council official document of the IFRS international standards;
- 2) examination application document of international standards in the territory of a particular country;
- 3) making decision on introducing the international standards in performance;
- 4) publication of a document of international standards [17].

To use this algorithm to the Ministry of Finance of Ukraine acts as regulator in accounting should search for forms of cooperation with the Council of International Financial Reporting Standards. Only if reliable source of information on changes in IFRS and the newly standardization documents can be considered as the direction of optimization of the existing accounting system.

Undoubtedly, of course, the most important point is the organization of training public sector employees, both accounting employees and managers, in a radical change of accounting concepts and principles.

Thus, the study showed that in order to reform the public sector accounting subsystem in Ukraine the following measures must be taken:

1. Ministry of Finance of Ukraine to ensure the availability of approved wording IFRSPS modern translation.
2. Ensure implementation rules IFRSPS in budget accounting regulatory framework to eliminate existing contradictions in accounting concepts and principles.
3. The Ministry of Finance of Ukraine and the State Treasury Service of Ukraine to provide training completion workers accounting practitioners and managers in the public sector.

Research about practice of the Strategy to modernize the accounting subsystem of Ukrainian public sector further implementation in terms of finding problems and ways of their solution will be the direction for future research.

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