



Accounting System of RC



September 27 – 28, 2013



Characteristics of the Accounting System

- ✓ Mandatory use of budgetary accounting and financial reporting for budgets, budget users and extra-budgetary users,
- ✓ Use of mandatory budget Chart of Accounts and consistent implementation of binding rules for transactions and business operation records,
- ✓ Mandatory use of budget classification: organizational, economic, functional, locational and program, in the area of budget planning and execution, accounting and financial reporting,
- ✓ Foundations of budgetary accounting are based on International Accounting Standards for the public sector,
- ✓ Application of the modified accrual basis accounting,
- ✓ Consistent implementation of the internationally recognized and comparative analytical framework for financial and statistical reporting,
- ✓ Obligation of periodical and annual reporting, obligatory preparation of consolidated annual accounts of the budget of the Republic of Croatia.



Deficiencies of the Accounting System

- ✓ Accounting is the foundation for development of financial statements, as a basis for preparation of consolidated financial statements, therefore they share some common deficiencies:
- ✓ Problem of human resources:
 - ✓ Small number of employees in the accounting, who frequently perform other tasks, other than accounting ones, whereby data quality is questionable,
 - ✓ Lack of education.
- ✓ Awareness of managers on the importance of accounting and financial affairs.



Lessons Learned

- ✓ A good quality system established through laws and by-laws, provides a solid ground for reasonable accounting system and acceptable level of consolidated financial statements, in terms of fulfilling the requirements of fiscal transparency.
 - ✓ The above primarily implies detailed definition of accounting methodology and financial reporting framework, along with a well-defined scope of consolidation

