

# PEM PAL

## Treasury Community of Practice

# Accounting of General Government Units' Assets in Albania

*TCoP Thematic Group  
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## Challenge and Useful Focus

- The key issues that confronted in relation to accounting of assets:
  1. The main reason to accounting of assets is to **calculate depreciation** for **capital assets** by treasury automated system.
  2. To define standard procedures and **audit trail** for documenting, storing, movement and disposal of assets. It's needed for **training**.
  3. No capital asset can be acquired and placed in service unless it has passed the **budgetary control**. No asset can be enhanced and its cost increased unless it has passed the budgetary control.
  4. Assets will be **classified** by Asset Category Flexfield into a number of categories. Assets belonging to the same category will use the same accounts and the same depreciation methods.
  5. **Responsibility** for managing the assets should be distributed by the authorizing officer in the general government units through a delegations and separation of functions system with clear and documented rules. Each individual must be clearly and fully informed for his responsibilities on the assets of the unit.

## Challenge and Useful Focus

6. Assets are available for public unit only when used for long-term specified goals for operation of the unit. A **control mechanism** based on the expected or historical information on situations should exist and if long-term assets may not be sufficient/appropriate **for achieving their objectives** then actions can be undertaken to meet countering these situations.
7. **Payments** between government units and public sector entities should be made through treasury system directly into the bank account of beneficiary after the tax invoice by the vendor and **verified** by performing of service/**receipts of assets** in accordance with the term of contract.
8. Actions in cash carried out **within the cash daily limit** approved by Principal Authorizing Officer based on the Treasury proposal by specifications of public entities.
9. **Inventory** of assets is an important element in the framework of control asset management unit, which is performed to verify the accuracy/quality of physical condition of the asset at a certain time, appropriate using and their efficiency.
10. What gets measured, gets done!

# Lessons learnt

- **Mistakes to be avoided**
  - There is no business reason to track non-depreciated assets. **Overloading** the system by non-accounting data or by non-accounting transactions must be avoided.
- **Risks**
  - **Effective** management and protection from harm and abuse.
  - The obligation to take the necessary **measures** to documentation, protection, movement and disposal of assets.
  - Management of short-term material assets, inventory position is fully connected with finding the **correct balance** between keeping a sufficient condition for achieving operational requirements with minimum risk/cost for maintenance these assets.
- **Tips and recommendations**
  - The manager who commands the entrance and exit of the assets can not be charged with the cashier's office and / or the storekeeper. Employee charged with maintaining **financial accounting** unit should not be charged with the task of **treasurer** and / or **storekeeper**.