



## PEMPAL TCOP Event in Tirana

### Report On Small Group Discussions Day 3

#### Group 1:

**Countries: Azerbaijan, Belarus, Kazakhstan,  
Kyrgyzstan, Moldova, Russia, Ukraine**



#### **Why liabilities and accounts payable are recognized at different stages in payment process in different countries? Is this a problem for budget, cash management and financial reporting?**

- Legislation must stipulate the deadline for registration of a liability (not every country has this provision)
- In some countries, the contract only comes into force after its registration
- Availability of e-contracts facilitates registration of liabilities at the moment the contract is signed (not every country has so well developed electronic systems and forms of contracts)
- Purchase orders are still not a common practice, but there is interest to adopt them
- Lack of registration (or delayed registration) of liabilities is a risk because it can lead to emergence of unsecured liabilities, arrears and accompanying problems with suppliers**
- A risk for liquidity management – incomplete accounting of liabilities – jeopardizes the quality of forecast and leads to unpredictable situations**
- Without proper reflection of accounts payable it is impossible to ensure adequate accrual accounting**

**Discuss definitions of the term of payment and overdue budget arrear in different countries. Are there any problems with recognition of the date payment and overdue arrear in the countries with cash deficit?**

- The most common practice is: payment terms vary and are determined in contracts. There is no one common standard payment term.
- At the same time, quite frequently it happens that the contract does not stipulate any term of payment. In the context of cash deficit such contracts are placed far behind in the “line” for payment.
- In many cases, payment terms set in the contract are not reflected in the Treasury system at the same time. This can create problems with tracking any overdue arrear.
- The concept of a common payment term is hardly applicable in the context of the current legislation.