Features of accounting and reporting reform in the public sector of Ukraine

Iryna Drozd *, Natalia Drozd **, Natalia Zaiets ***

Introduction

The most urgent issue affecting Ukraine is the efficiency of the public sector in the economy. That is why developing accounting provisions and systematising the accounting data requires credible and transparent methodological support. To create the relevant information about the condition and performance of the economy and budget implementation in the public sector, we emphasize the growing importance of accounting standards and reporting, making it possible to operate with reliable data on the effectiveness of financial leverage for the revitalization of national economic growth, and ensuring the capacity of financial mechanisms to promote innovative development for financial and economic institutions in Ukraine.

The dynamically changing environment requires modern innovative management and increasing labour productivity. For the sector of general government this issue is further complicated by the regulation of most of the processes, which, under a market economy, can be a limiting factor affecting performance. Accounting and reporting in the public sector are the sole sources of information for monitoring and making effective management decisions. Therefore, for analysis of budget implementation, plan development and estimates for budgetary institutions, assessment of the achievements and performance of budgetary institutions requires transparent, understandable reporting data. Developing such reporting is a complicated process with multi-dimensional activities, such as: activities in the field of drawing up the regulations for accounting statements; carrying out investigations on indicating the government property and expenditures in accounting; and providing summarized information to interested parties on the situations in the public finances.

The main purpose of accounting is to develop financial statements, which must contain full, true and impartial information on the healthy implementation of the state

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budget and estimates of budgetary institutions. The results of reporting on the implementation of the budget and estimates of budgetary units depend not only on the coordinated work of the accounting department of the State Treasury but also budget institutions. The reporting performance is a mirror image of the work of almost all of the parties in the budget process. The data, described in the reports on the implementation of budget and estimates of the budgetary units, is a part of the control on compliance with the budget legislation, since, when analyzing the performance of summarized data on budget implementation, it is possible to draw conclusions about the situation of compliance with the budget law requirements by administrators and recipients of funds.

The need for standardization of accounting in Ukraine is covered by the State Program of Economic Reforms for 2010–2014 entitled *Prosperous Society, Competitive Economy, and Effective State*, and is defined with the development of the economic integration processes. The development of national accounting standards in the public sector to meet international standards is an important prerequisite for the effective functioning and recognition of accounting in the public sector at international level.

1. Methodologies for analysis in the study

Research of the needs of users and their growing expectations about information on the budget financial performance should be based on a deep knowledge of its development in the system of public accounting and reporting. We need to select the appropriate parameters to accurately measure the current and future state of accounting and reporting in the public sector when the spending units act in the budget implementation. Most of the traditional indicators, which are used to assess accounting and reporting, come from the system of regulatory control in Ukraine and correlate with international standards in this area.

The study hypothesis is to prove the need to reform public sector accounting by adapting existing rules of formation of accounting and reporting in line with international standards. Therefore, assessing the status and trends in the further development of accounting and reporting of the public sector, the indicators should represent both the contributions of international institutions in the development of accounting and reporting in the international domain, while taking into account individual development in Ukraine.

The purpose of the paper is to deepen the theoretical foundations of accounting and reporting in the public sector on the basis of the interpretation of existing accounting standards to form the accounting objects and identify ways they can be developed under national standards. The method of analysis is used considering the content of individual accounts that were applied in accordance with the chart of accounts by reflection of an object of accounting for the public sector. The method of synthesis is used when considering the formation of consolidated accounting information in financial statements. It allowed this problem to be solved, but the difficulty was in the need to explore the known positions of accounting and reporting of the public sector using the legisla-
tion adopted in the country, the interpretation of which preferably should be given in the context of other rules and regulations of the budgetary institutions activities.

Providing the organizational component of research in the area of developing the accounting and reporting in public sector is a systematic collection and analysis based on structured data on relevant standards, adopted and approved by authorized agencies.

The analysis, implemented in this area, includes an examination of the regulations and standards in the following scopes:
- subjects involved in the regulation, organization and maintenance of accounting and reporting in the public sector;
- the current situation in accounting and reporting in the public sector;
- areas of reform;
- conditions for implementing national standards of accounting and reporting.

The expected results of the study are to help determine ways to reform public sector accounting, focusing on new standards-based methods of accounting and reporting. The validation of the results and conclusions may be both an internal and external evaluation. Internal evaluation of the provided results is the environment of national experts and practitioners in the public sector accounting, who, in perceiving the approved regulations and standards, might balance them with direct requests from management and users of reports. External evaluation is more latent in terms of results, as the accounting information, generated on the new standards and represented in the new reporting forms of public sector agencies, has to pass the inspection of its impact and usage by public management in decision-making aimed at efficiency, and economy of budgetary funds to achieve the objectives of the budgetary institutions’ activities.

2. Assessing the situation in accounting and reporting in the public sector of Ukraine

2.1. Retrospective of the Treasury service development for the purpose of organizing public accounting

The reform of the accounting and reporting system in the public sector of Ukraine was launched in 2007. The State Treasury Service of Ukraine (Treasury) was the organizational development center of the main provisions of accounting in the public sector. The development of the Treasury, represented in Table 1, provides an overview of the essential tasks and powers of this authority for establishing the standards of public accounting.

It is clear that as the regulation of accounting in Ukraine belongs to the jurisdiction of the state, the basis of reform in this area is to create an appropriate legal framework. Experts in accounting, academics, and representatives of the accounting system of budgetary institutions participate in developing the legal framework, and, in particular, the State Treasury of Ukraine, which submits proposals for discussion and further implementation in the form of regulations in the legislative and executive branches.
<table>
<thead>
<tr>
<th>Period</th>
<th>The institutional environment</th>
<th>Functions</th>
<th>Status</th>
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<tbody>
<tr>
<td>1995–1999</td>
<td>Body of the executive power, which operates under the Ministry of Finance; creating the three-leveled structure of bodies.</td>
<td>– Transferring the functions of financing from sectoral departments of the Ministry of Finance to the Treasury;</td>
<td>– Decree of the President of Ukraine from 27.04.1995, no. 335/95 <em>On the State Treasury Service of Ukraine</em>;</td>
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<td></td>
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<td>– In parallel with the banks, the bodies of the STU provide the accounting of operations on the state budget revenues;</td>
<td>– Regulation on SCSU approved by Decree of the Cabinet of Ministers of Ukraine from 31.06.1995, no. 590;</td>
</tr>
<tr>
<td>1999–2005</td>
<td>Central executive body, whose activities are coordinated by the Ministry of Finance.</td>
<td>– Cash management and payment services for budgetary units;</td>
<td>– The Budget Code of Ukraine from 21.06.2001, no. 2542-III;</td>
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<td></td>
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<td>– Control of budget authority in receipts, liabilities and providing payments;</td>
<td>– Law of Ukraine <em>On Implementation of the State Budget of Ukraine</em> for 2001;</td>
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<td>– Treasury services for extra-budgetary funds of institutions under the state budget;</td>
<td>– Decree of the President of Ukraine <em>On Urgent Measures to Improve the Mechanisms of Treasury Services</em> from 05.12.2002, no. 1133;</td>
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<td>– Treasury services for local budgets;</td>
<td>– Decree of the Cabinet of Ministers of Ukraine <em>On Establishing the Internal Payment System of STU</em> from 15.09.1999, no. 1721.</td>
</tr>
<tr>
<td>2005–2011</td>
<td>Treasury – is a government body that operates within the Ministry of Finance.</td>
<td>– Covering temporary cash gaps of local budgets and providing medium-term loans;</td>
<td>– New version of the Budget Code;</td>
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<td>– Interim model for servicing the state spending, which involves transfer from budgetary allocations to paying the debts of budgetary units;</td>
<td>– Law of Ukraine <em>On Accounting and Financial Reporting in Ukraine</em>,</td>
</tr>
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<td></td>
<td>– Treasury services for other clients;</td>
<td>– Law of Ukraine <em>On Implementation of the State Budget of Ukraine</em> in 2003;</td>
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<tr>
<td></td>
<td></td>
<td>– Covering temporary cash gaps of the Pension Fund;</td>
<td>– Decree of the Cabinet of Ministers of Ukraine from 21.12.2005, no. 1232;</td>
</tr>
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<td></td>
<td></td>
<td>– Developing national accounting standards in the public sector and the chart of accounts in the public sector in Ukraine.</td>
<td>– Decree of the Cabinet of Ministers of Ukraine from 01.10.2010, no. 1080 <em>On Approval of the Covering of Temporary Cash Gaps of the Pension Fund of Ukraine</em>,</td>
</tr>
</tbody>
</table>
### Features of accounting and reporting reform in the public sector of Ukraine

| 2011–2013 | Treasury – is the central executive body, acts as a vertically integrated organizational structure, the activities are coordinated by the Cabinet of Ministers of Ukraine through the Ministry of Finance. | – Assessment of activities of accountants in budgetary institutions; – Implementation of the budget accounting rules; – Developing the drafts of legal acts in the field of treasury, budgets and accounting in public sector. | – Decree of the Cabinet of Ministers of Ukraine from 26.01.2011, no. 59 *On Approval of Regulations on Accounting Service in Budgetary Unit*. – The Budget Code of Ukraine; – Decree of the President of Ukraine from 13.04.2011, no. 460/2011 *On the Regulation on the State Treasury Service of Ukraine*. |

Source: developed by the authors according to official information.
2.2. Functions of the State Treasury Service of Ukraine

The functional responsibilities of the Treasury of Ukraine underlie in accounting all transactions for the implementation of state and local budgets and reporting on budget implementation. The Treasury implements immediate cash management and payment services through the electronic payment system of the National Bank of Ukraine for recipients of budget funds and other clients, transactions involving budgets and maintaining a unified registry of administrators and recipients of budget authorities, as well. Since the Treasury of Ukraine provides the functioning of multi-leveled informational and accounting systems, internal payment systems, takes measures to protect information processed by the Treasury of Ukraine, approves the appointment (dismissal) of chief accountants of budget institutions, coordinates the activities of accountants of budgetary institutions, and controls their authority by assessing their activities and monitors compliance with the budget legislation and uses enforcement measures for violations, then namely the Treasury prepares and submits proposals and recommendations to improve the legislative and regulatory acts in the relevant areas of reforming accounting in the public sector.

These functions are implemented through a system designed for optimal exchange of credentials and drawing up the summarized reports for the purpose of assessing the performance of the state budget by budgetary institutions (Figure 1).

**Figure 1.** Functions of the State Treasury Service of Ukraine in the system of budgetary units

![Diagram](source: developed by the authors)

The accounting of the budget services is considered to be a tool to ensure public management has reliable data, and as a tool for system control. Indeed, the automated accounting system provides all the necessary organizational components, which is why the General Ledger is kept in real time at the central apparatus of the Treasury,
and 27 central departments of the Treasury (including the daily balance at the end of the operating day), despite the fact that the Treasury works remotely in accessing the databases of the main departments of the Treasury.

2.3. National characteristics of reflecting the accounting objects and processes in budgetary institutions

Ukrainian scientists (Yefymenko, Levitska, 2007; Svirko, 2006), defining the objects of accounting in the budget services, unanimously define:
- planned targets (within budget plans, within estimate);
- commitment of budget units and recipients of budget funds (budgetary and fiscal);
- revenues, expenses, loans and financing of budgets.

All transactions are shown under a double entry method using a chart of accounts, which operates in the electronic payment system of the National Bank of Ukraine (Chart of Accounts, 2011). Control powers in the accounting and reporting of bodies of the Treasury are regulated with technological rules. The implementation of informational and control functions of accounting when informing on the planned targets are represented in Figure 2.

**Figure 2.** Informational and control functions of accounting in the public sector when informing the budgetary units about the planned targets

![Diagram of Accounting Functions](https://example.com/diagram.png)

Source: developed by the authors.
Registering the planned targets of the general fund of the state budget in accounting serves the aim of performing the powers of authority on control of the state administration and informing the public of the financial performance of the budget (Figure 3).

Figure 3. Application of control and information functions with budgetary institutions in shaping information about targets

Explanation of the accounts (Chart of Accounts, 2011)
Source: developed by the authors.

The order to open the state budget appropriations by the State Treasury of Ukraine takes place in terms of administrators of the budget funds on the basis of certain proportions (Figure 4).

The special characteristic in the accounting of transactions in the public sector is that it is implemented on the open appropriations on the respective accounts of the general and special funds on the basis of documentary evidence from budgetary units (Figure 5).
Figure 4. The order to open the state budget appropriations

Source: developed by the authors.

Figure 5. Accounting of transactions on open appropriations

Explanation of accounts (Chart of Accounts, 2011)
Source: developed by the authors.

Accounting of transactions for registering the budgetary commitments of the administrators of budget funds is required to control the accounts payable of the administrators because those accounts are the commitments of the State to creditors (Figure 6).
**Figure 6.** Accounting of transactions for registering the budgetary commitments of the administrators of budget funds

![Diagram of accounting transactions](image)

Explanation of accounts (*Chart of Accounts*, 2011)
Source: developed by the authors.

One of the major tasks of accounting in the public sector is the accounting of transactions on expenditures of the state budget (Figure 7).

**Figure 7.** Accounting of transactions on expenditures of the state budget

![Diagram of accounting expenditures](image)

Explanation of accounts (*Chart of Accounts*, 2011)
Source: developed by the authors.
2.4. Formation of reporting in the public sector: status and direction of submissions

To determine the needs in supplementary materials for accounting in the public sector, 345 public sector accountants were surveyed during three workshops on the budget accounting reform, organized as part of training at the National Taras Shevchenko University of Kyiv. Among the questions for experts in accounting, were: whether accounting tools for objective presentation of business transactions are sufficient according to current accounting rules (concerning methods for determining the value, accounts in book-keeping), and if statements reflect (within separate forms) the user’s requests, such as on accounts payable, value of intangible assets, etc. Answers to the questions made it possible to distinguish specific problems, which at the level of generalization formed preconditions for further development of accounting in the public sector:

- the need to harmonize the legislation of Ukraine on the issues of accounting and financial reporting with international requirements;
- lack of opportunities to match the data on the financial position with similar data reported in other countries;
- the need to strengthen state control on the organization of accounting and reporting in budgetary institutions.

Today we can say that several steps have already been taken in this direction. In July 2010, the Budget Code of Ukraine in the new edition was approved, which reflected the main points of the reform. In accordance with articles 43 and 56 of the Budget Code, accounting and reporting on budget performance as well as on implementation of estimates will be provided in accordance with national regulations (standards) of accounting.

Developing the reports is one of the main objectives of the Treasury at the moment. Summarizing the data and reporting on the state, local and consolidated budgets and proving the reporting to the bodies of legislative and executive power is to be done fully and in a timely manner in accordance with the budget law (Feschenko, 2011).

Technological rules on the function Implementing accounting and reporting provides 6 processes, 2 of which are on reporting issues, including:

- drawing up the reports (consolidated reports) on implementing the state budget, the consolidated budget and consolidated reports of administrators of the budget funds;
- drawing up the reporting on implementation of local budgets.

Summarizing, drawing up and providing the reporting on the implementation of the State Budget of Ukraine is carried out by the central executive body which provides information about the implementation of the State Budget of Ukraine, drawing up and providing current, monthly, quarterly, and annual reports (Melnyk, 2009).

Requirements to draw up the reporting include summarizing the indicators from reports by the bodies of the Treasury on the basis of the data from the accounting of the implementation of budgets. In addition, the bodies of the Treasury draw up the
report on commitments (accounts receivable, accounts payable) according to the reports of administrators of the budgetary funds, and the report on the performance of estimates by administrators of the budgetary funds.

Financial and budget reports should contain information on all transactions. Financial and budgetary reports of administrators of the budgetary funds must comply with the relevant accounting data and reporting of the Treasury. Current reports are provided to the management of the Treasury and the executive bodies of the state. Current reporting, its forms and terms, are defined by the internal document of the Treasury.

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Current statements include daily, weekly (current report on the implementation of the state budget), per decade (current data on incoming of certain taxes, duties and other obligatory payments in Ukraine), and monthly ones to be drawn up by structural units of the Treasury within the competence area of each unit (Treasury, territorial bodies of the Treasury).

The department of consolidated reports, on the basis of daily reports from the Treasury, develops:
- Reports on implementing the budgets on the revenues;
- Reports of the cash administration of expenditures of budgets;
- Balance of Treasury transactions.

Monthly statements are provided to the Parliament (Verkhovna Rada) of Ukraine, the President of Ukraine, the Cabinet of Ministers of Ukraine, the Accounting Chamber and the central executive body that ensures the development of the state fiscal policy (Ministry of Finance of Ukraine). These statements include consolidated reports on budget implementation, information on protected expenditures of the State Budget, the use of the reserve fund of the state budget, the use of the State Regional Development Fund, transactions on public debt management, on the given budget guarantees, and report on budget debts.

Quarterly reports are provided to the Parliament of Ukraine, the President of Ukraine, the Cabinet of Ministers of Ukraine, the Accounting Chamber and the central executive body that ensures the development of state fiscal policy (Ministry of Finance of Ukraine), namely the following reports:
- Statement of financial position (balance sheet) of the State Budget of Ukraine;
- Income Statement on Implementation of the State Budget of Ukraine;
- Statement of Cash Flows;
- Report on Implementation of the State Budget of Ukraine (including reports on performance indicators in the form of annexes to the Law on the State Budget of Ukraine);
- Statement on Public Debt and Publicly Guaranteed Debt;
- Aggregated indicators of reports on implementation of the budgets;
- Statements on past due debts of entities to the state for credits (loans) under state guarantees;
- Reports on payments to fulfill the state’s commitments;
- Information on transactions of public debt management;
- Information on provided state guarantees;
– Information on the status of municipal debt and guaranteed by the state, accordingly by the Autonomous Republic of Crimea, as well as local communities, on provided local guarantees;
– Explanation of the state of implementation of the State budget and local budgets for the reporting period.

An annual report on the implementation of the State Budget of Ukraine is provided by the Cabinet of Ministers of Ukraine to the Parliament of Ukraine, the President of Ukraine and the Accounting Chamber. The composition of the annual report on the implementation of the State Budget of Ukraine is determined by the Budget Code of Ukraine (article 61 of the Budget Code of Ukraine) (Figure 8).

The supervisory powers of the Treasury in receiving reports from the bodies of the Treasury are to determine the reliability (no errors and distortions), fullness and completion of all reporting forms, the links between the reporting forms (order of reporting), and that the deadlines for reporting are met (defined with internal orders of Treasury). At the same time the supervisory powers of the Treasury regarding accepting the statements from administrators and recipients of budget funds are somewhat broader, and establish legitimacy (compliance with the rules of the budget legislation), reliability (no errors and distortions), provide the accuracy and filling of all forms of reporting, provide links between the reporting forms (order of reporting), match similar data in accounting and the reporting of bodies of the Treasury (planned targets, revenues, cash expenditures, registered liabilities), and the timeliness of reporting (compliance with reporting schedule within the time limits specified by legal acts) (Kuzhelnyi, 2009).

**Figure 8. Directions to file the reports**

![Diagram showing the flow of reports](source: developed by the authors.)
3. The most important issues in reforming accounting and reporting in the public sector of Ukraine

3.1. Strategies

The issue of the accounting reform in the public sector is addressed in several decisions of the Government of Ukraine, which approved the strategy of applying IFRS in Ukraine (Order of the Cabinet of Ministers of Ukraine from 24.10.2007, no. 911-p) and the strategy of modernizing the accounting system in the public sector in 2007–2015 (Decree of the Cabinet of Ministers of Ukraine from 16.01.2007, no. 34).

The objectives of the Strategy for the Application of International Financial Reporting Standards in Ukraine provide for the adaptation of national regulations on accounting with international standards for entities that do not apply international standards, and approving the accounting regulations on business transactions that are not present in international standards.

The strategy of modernization of the accounting system in the public sector assumes a continuation of initiated reforms on modernization of accounting in the public sector and the harmonization of regulatory support system of the financial management system with the rules and regulations adopted in other states – members of European Union (Fahrion, 2013). Improving the system of accounting and reporting involves the creation of a chart of Accounts in the public sector and its harmonization with the budget classification, enhancing the methods of compiling and reporting on an accrual basis, creating a unified organization's accounting system based on the structuring and coordination of activities of accountants in budgetary institutions.

The goal of the reform is to improve accounting and financial reporting in the public sector to meet the requirements of international standards. When reforming the accounting in the public sector we accept the basis of the International Accounting Standards for Public Sector (IPSAS) as they represent best practices in the field of accounting on an accrual basis and provide an opportunity to develop financial statements, suitable for audit and comparisons, referred to by most countries wishing to modernize accounting systems.

Today, the international practice for accounting and reporting uses 31 standards of accounting (Kuzhelnyi, 2009). We should notice that the international accounting standards for the public sector include conceptual positions and common methodological approaches to the assessment and disclosure of the information. This served as the basis for the development of Ukraine’s own accounting standards in the public sector. Therefore, international standards have no prevailing legal effect in relation to those officially adopted as national standards for the public sector.

The following ways to achieve the goal of the strategy are available:

– develop and implement national accounting standards in the public sector to meet the requirements of international standards IPSAS;

– create a single chart of accounts in the public sector, harmonizing with the budget classification that meets the Government Finance Statistics of 2001 (GFS 2001);
– improve methods of drawing up and consolidating reports using modern information systems;
– create a single approach to establish the accounting offices in budget institutions;
– strengthen the control of the State Treasury on complying with the rules of accounting and reporting by administrators of budget funds;
– establish an integrated information system of the public finance management based on a single chart of accounts and national accounting and reporting standards in the public sector.

3.2. What are the national accounting standards in the public sector in Ukraine?

The adoption of national accounting standards in the public sector (Figure 9) provided the conditions of their implementation with effect from 1st January, 2015. Accounting standards in the public sector will be extended to public sector entities. The subjects of accounting in the public sector are the Ministry of Finance, which provides implementation of state policy in the field of accounting, administrators of budget funds, the State Treasury Service and state special purpose funds. All of them provide the accounting.

Figure 9. National accounting standards in the public sector adopted in Ukraine

Source: developed by the authors.
A single chart of accounts was developed and approved during the period of accounting reform. The single chart of accounts will provide the recording of transactions in accounting on a cash basis and an accrual basis.

With regard to budget classification, we should note that the adoption of the current budget classification in 1998 was a positive step in establishing and further developing the budget system of Ukraine. However, today the current classification does not meet the requirements of Government Finance Statistics of 2001 (GFS 2001), which focuses on the introduction of accounting on an accrual basis.

To ensure the integration of budget classification with the chart of accounts and introducing the accrual method, we should adjust the economic classification in line with the requirements of Government Finance Statistics.

Reporting on implementation of the State Budget of Ukraine (estimates of budgetary institutions) in accordance with the national standards shall include financial and budgetary reporting. This division is provided for the first time. Thus, the financial statements of budget organizations will also be drawn up according to national regulations (standards) of accounting under the forms approved by the Ministry of Finance of Ukraine. Standard 101 *Presentation of Financial Statements* approves the financial statements, which include:

− Statement of financial position (balance sheet);
− Income statement;
− Statement of cash flows;
− Statement of changes in equity.

We should indicate certain measures among those to implement the accounting standards in the public sector, namely: the establishment of a unified organizational and informational accounting system, based on highly skilled and responsible staff. The organizational components of the implementation of accounting standards in the public sector include the development of guidelines on the use of accounting standards, and approval of methods of recording transactions from the chart of Accounts in the public sector, and the staff studying the new legislation and creating accounting supplies and provisions with the new requirements.

The first step toward the implementation of this reform was the adoption of the Model Regulations on the accounting office in the budget institution (Resolution of the CMU from January 26, 2011, no. 59) by the Cabinet of Ministers of Ukraine. To ensure coordination of activities of the accountants in budgetary institutions and strengthening the financial discipline in the public sector, they developed and approved the Procedure for the coordination of the appointment and dismissal of the chief accountant in budget institution with the Treasury authorities.

The assessment of the potential of our country in the field of drawing up high-quality corporate reporting on the UNCTAD-ISAR method took place from April to October in 2013 under the guidance of the Ministry of Finance. 26 high-level experts and 1 observer were actively involved in working groups and were also there to evaluate. Among them were competent representatives of public institutions – 8 (33.3%), professional accountants and auditors – 4 (16.0%), providers of financial statements –
6 (25.0%), auditors (including from the big four and other interested parties) – 4 (16.7%), and two academics (doctors, professors). According to the results, they appraised the drawing up of reporting in the public sector, ranking Ukraine among the group of countries with an average level of quality of such information.

The high level of techniques of the UNCTAD-ISAR Accounting Development Tool (ADT) at the stage of preliminary findings made it possible to obtain significant positive results concerning how the financial statements in the institutions of the public sector can be further improved.

Conclusions

This study highlights the issues of great importance in the public sector in the economy – the new framework of an accounting and reporting system. The article deals with accounting and reporting in the public sector with respect to the individual accounts of objects and processes. However, the adoption of new standards provided necessitated the reform of accounting and reporting in the public sector in Ukraine. Such a reform was carried out by adapting the considered norms on reflecting accounting and reporting with international standards under the organizational participation of the State Treasury Service of Ukraine. All aspects of the functioning in the area of accounting and reports were shown in the article.

In the conclusion of our research we can draw up some expected results from the accounting reform in the public sector, concerning the introduction of the national accounting and reporting standards in Ukraine:

− the harmonization of legislation of Ukraine in accounting and reporting with international standards (IPSAS);
− the transparency of financial data in the public sector and the possibility of comparison with similar data from other countries;
− strengthening the control on the accountability of public sector institutions;
− improving the quality of previous and ongoing control through the use of a unified information-analytical system based on a new methodology for accounting and reporting.

The conditions for drawing up the financial statements in the context of the modernization of accounting in the public sector should include a complex system of activities on the development of methodology for the implementation of the reformed system of accounting and reporting in the public sector, namely:

− identify components of information, rules and procedures of consolidation of accounting data in the budgetary institutions;
− the need to develop
  • a single regulatory framework of accounting reference;
  • a system of unified provisions and supplies for accounting in the public sector.

The authors consider it to be sufficient to achieve the objectives of the accounting support for the state budget implementation.
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Summary
The thematic focus of the article is within both the methodological dimensions of economic theory and practices to reform the institutional sectors of Ukraine, where accounting and reporting develop a single informational component. In order to satisfy the need for a scientific rationale of the development of accounting and reporting in public finances, the research was based on the methods of analysis and synthesis – developing the accounting information in relation to the needs of its users, and applying the methods to assess the effectiveness of regulatory provisions for the accounting process. The study in its twofold dimensions, sizing up the organizational role of the Treasury and defining the current situation in the accounting and reporting in public sector, found ways to improve both components. Those ways are regarded through the implementation of accounting and reporting standards in the public sector. The findings represent the authors’ opinion in the form of proposals, which emphasize the need to ensure inclusive development of the state sector in the relevant accounting information. The development of such an accounting architecture at the state and local levels of budget administration shall provide the advanced innovation growth rates by introducing standards of accounting and reporting in the public sector.

Keywords: standards of accounting, the Treasury, accounting, reporting, public sector.

Streszczenie
Reformowanie rachunkowości i sprawozdawczości w sektorze publicznym na Ukrainie
Tematyka artykułu koncentruje się na metodologicznych aspektach teorii ekonomii i praktyki zastosowanych w reformie sektora finansów publicznych na Ukrainie. Rachunkowość i sprawozdawczość są niezbędne do prawidłowego monitoringu i podejmowania efektywnych decyzji zarządczych. Z tego powodu przejrzystość ujawnianych danych jest konieczna dla analizy budżetu i tworzenia planów rozwoju również w sektorze publicznym. W celu naukowego uzasadnienia konieczności rozwoju ewidencji i sprawozdawczości jednostek sektora finansów publicznych na Ukrainie zastosowano w opracowaniu metody analizy i syntezy – rozwój informacji finansowej w odniesieniu do oczekiwań użytkowników i następnie wdrożenie metod oceny efektywności działania do procesu rachunkowości. Opracowanie prezentuje
zarówno organizacyjną rolę Skarbu Państwa i definiuje obecny stan rozwoju rachunkowości i raportowania w sektorze publicznym, znajdując drogi poprawy tego stanu. Jedną z propozycji jest przyjęcie standardów rachunkowości i sprawozdawczości w sektorze publicznym. Wnioski autorów wskazują na możliwości zmian w rachunkowości sektora publicznego na Ukrainie w celu zapewnienia jego dalszego rozwoju.

Słowa kluczowe: standardy rachunkowości, Skarb Państwa, rachunkowość, sprawozdawczość, sektor publiczny.