



# **CURRENT STATE AND DEVELOPMENT OF PUBLIC SECTOR ACCOUNTING IN THE CZECH REPUBLIC**

**Department of Accounting and Audit  
Ministry of Finance, Praha, Czech Republic  
August 15, 2013**

***Petr Plesnivý (director)  
Michal Svoboda  
David Bauer***



## Pre-phase before 2010

- **Several legal forms** with their own rules and exceptions
- Financial reporting for central government (since 1970's)
- Mix of cash and accrual base
- Traces of chamber accounting (Kameralbuchhaltung)
- Lack of comparability, relevance, completeness, faithful representation –

### **COULD NOT FIT ACTUAL USERS'DEMANDS**

- Accountants insist on **what they already know**:  
*„why do you change something what has been working well since decades?“*





## Initial phase

- **2007 – Political decision** on public sector accounting reform
  - start from 2010
  - both central and local governments involved
  - almost 18 000 accounting entities
  - **Conceptual direction: IPSAS**
- **2008** – conceptual rules set by the **act on accounting**
- **2009** – most of technical rules set by the decree and standards
- **January 1, 2010 – START**, some rules and methods postponed up to 3 years – *decreasing shock*
- Environment of continental European law system – need for very **detailed and in-depth rules**





## Conceptual issues

- **Fully accrual based** (pension benefits in couple years) statements of
  - financial position, financial performance, changes in equity, cash flow (indirect method now, direct in the near future), notes
- **Towards global financial reporting trends, esp. IPSAS**
- Consolidation (multi-level) – starting 2014
- Financial statements **approval** – starting 2013
  - Increase in **relevance**
  - **Pull in** deputies and other representatives





## Technical solution

- **Central System of Accounting Information of the State (CSUIS)** – gathering of financial data
  - Financial statements – quarterly
  - Statistical reports – quarterly
  - Operating data (central govt.) – monthly
  - Budget statements – quarterly and monthly
- Defined **users of CSUIS**:
  - Central govt., i.e. MoF
  - Czech National Bank, Czech Statistical Office
  - CZ SAI and other control bodies
  - **GENERAL PUBLIC** (<http://monitor.statnipokladna.cz>)
- Defined interface (XML), **NOT unique SW**





## Statistical reports (1)

- Effective since Q3/2012
- Reporting for Eurostat (ESA 95,...) and Czech National Bank ensured **using analytical accounts**  
– information described **within making initial entries**
- Reporting < 10 % of public sector entities,  
but **> 85 % of balance sheets covered**
- Significant change caused significant **expenses**
- **Not only more reports, but a brand new system**





## Statistical reports (2)

- **Direct connection** between financial and statistical reporting
  - 13 dynamical reports based on balance sheet and P/L incl. related entities' recognition and reporting
  - almost no need for additional statistical **surveys and estimates**
  - **no need for new semi-statistical financial reporting standards to fulfill ESA 95 (etc.) requirements**







## Further development

- Nowadays a **routine** operation
- Step-by-step towards IPSAS, esp. **towards IPSAS CFW**
- Broader and deeper **education** and methodological **support**
- Stress on **publicity** – general public incl. abroad
- Getting known about further users' **information needs**
- **Uncertainty about EPSAS**







**Contact email:**

**[michal.svoboda@mfcz.cz](mailto:michal.svoboda@mfcz.cz)**

