

Modernization of Public Financial Reporting in the Republic of Moldova in Accordance with IPSAS

Tatiana Railean

Academy of Economic Studies of Moldova, Republic of Moldova

tanea.r2018@mail.ru

Abstract

The issues of preparation and presentation of financial reports of public sector worldwide are disclosed in the International Public Sector Accounting Standards. The Republic of Moldova, was aligned to other countries example and, currently is in process of reforming of budgetary accounting regarding to adoption of IPSAS. The research methodology was based on the detailed analysis of the domestic and international normative framework, on the use of the deductive and analytical approach to the theoretical concepts of the IPSAS financial reports and the method of their formation. Due to the logical synthesis, some fundamental recommendations were given, according to our consideration, and a draft component of financial reports was elaborated, which are aligned with the IPSAS requirements and at the same time maintain the specific characteristics of the Republic of Moldova.

Key words: International Public Sector Accounting Standards, financial reporting, public sector, qualitative information

J.E.L. classification: H83, M40, M41, M48, Q56

1. Introduction

The complexity and development of government activities has triggered difficulties in interpreting public financial reports worldwide. There is also impossible to compare financial reports due to the application of different accounting principles and methods of regulating of government accounting systems.

This fact has encouraged some international accounting organizations to establish a basis for compatibility between various accounting systems. The International Federation of Accountants (IFAC) has confirmed the need for a unified global accounting framework for the public sector. Thus, International Public Sector Accounting Standards Board (IPSASB), to date, has developed 42 International Public Sector Accounting Standards (IPSAS) on an accrual and one on a cash basis (IFAC, 2021).

According to Josedilton (2015), the objective of the IPSAS is to improve the information from public sector accounting, permitting the comparability and providing tools for the social control of budgetary institutions, with a view to the further understanding of bookkeeping information and its disclosure in the financial reports, provoking profound changes in management, whether in the way the public patrimony is managed or in the form of recognition, measuring and disclosure of equity items.

IPSAS is a practical set of rules and a series of generally accepted principles that represent the general agreement of experts and professional accounting organizations, combining accounting practices worldwide by guiding the work of accountants, presentation and full disclosure of information in order of improving the quality of the government's financial reporting on the results of the activity and saving public money and providing high quality services.

IPSAS there are the benchmark of public sector's accounting reforms. Their adaptation is supported by such international organizations as well the World Bank and the IMF.

The global financial crisis, the impossibility of comparability of financial reports worldwide as well as the presentation of qualitative and meaningful information to the institutional organizations has urged countries to adopt IPSAS. Almost 168 countries have adopted or are in the process of adopting of IPSAS.

Following the example of the respective countries, the Republic of Moldova decides to reform the budgetary accounting and to align to IPSAS requirements. According to the Concept and the Action Plan for the elaboration of the National Accounting Standards for the Public Sector (OMF 159, 2016), Republic of Moldova follow to elaborate own national accounting standards for budgetary system through inspiration IPSAS rules. Today there are elaborated more than half drafts from the national standards.

Worldwide experience has proved that accounting reform assume harmonization of financial report. The IPSASB states that the allocation of resources by the government is inadequate if it is supported by poor quality financial information.

Based on this, we have chosen to compare Moldovan public financial reporting and international requirements for preparation of them, in order to give recommendations at phase of reformation budgetary accounting.

2. Literature review

The global tendency regarding reform of public sector financial reporting has led growing of the international literature on harmonizing public sector accounting. In the process of research we have analyzed more papers dedicated to the importance and impact of financial reporting of public sector reform.

Christiaens *et al*, (2010) recognized that many countries consider that implementation of IPSAS would increase comparability of financial reports at nationally and internationally level. The study of Samuel (2020) shows that the adoption of IPSAS enhances accountability and transparency of managements by providing timely and clear annual financial reports. The results of research by Lubis *et al*, (2016) showed that the implementation of government accounting standard and accounting information system positively affect the quality of financial reports.

Cuadrado-Ballesteros *et al*, (2021), have examined the benefits of the IPSAS reporting framework with an emphasis on accountability and government effectiveness. The authors investigated 33 Organisation for Economic Cooperation and Development (OECD) countries from 2010 to 2014. Their research shown that governments which have implemented public sector accounting reforms (through the adoption of IPSAS) have a higher level of governance quality, and that there is a positive influence of IPSAS adoption on the level of accountability, government effectiveness, regulation quality, the rule of law, and on controlling corruption.

Taking into account the Geiger (1990) affirmation that "progressive harmonization of accounting rules could greatly reduce costs occasioned by the presentation of information by divergent accounting systems, because it will facilitate mutual recognition of financial statements from one country to another" we will present the recommendation for development of Moldovan financial reports of public sector for the phase of reforming budgetary accounting.

In the research process we analyzed the most the national accounting framework in budgetary system the order of the Ministry of Finance no.216/28.12.2015 on the approval of the Chart of Accounts in the budgetary system and of the Methodological Rules on accounting and financial reporting in the budgetary system (OMF 216, 2015) and international requirements of IPSAS 1 "Presentation of financial statements" and IPSAS 2 "Cash flow statements" regarding to preparation of financial reports.

An analogical analysis was performed by the Romanian researchers, who researched the adoption of IPSAS and the preparation of financial reports in Romania in accordance with them (Cretu *et al*, 2011).

3. Research methodology

The research methodology was based on the detailed analysis of the domestic and international normative framework, on the use of the deductive and analytical approach to the theoretical concepts of the IPSAS financial reports and the method of their formation. Due to the logical synthesis, some fundamental recommendations were given, according to our consideration, and a draft component of financial reports was elaborated, which are aligned with the IPSAS requirements and at the same time maintain the specific characteristics of the Republic of Moldova.

Based on idea of Cretu *et al*, 2011, that public financial reports should be simple and clear, with fewer forms, containing strictly necessary indicators with high informational content, we will juxtapose the structure and contents of financial reports from Moldovan accounting framework and international requirements (IPSASB, 2021).

4. Findings

Adapting IPSAS to the specificities of the public sector accounting in the Republic of Moldova is an extremely difficult activity, which requires a lot of patience and accuracy.

As mentioned, the Republic of Moldova is concerned with reforming the accounting of the budget sector by aligning with IPSAS. Thus, a significant part of that reform is to amend or, if necessary, develop financial reporting requirements that should be converged with international ones. For achieving of this goal, it requires reading and understanding the accounting of international standards for the budgetary sector in order to harmonize the most efficient financial reporting at international level. Taking into account the fact that the budgetary institutions operate on the basis of the approved annual budget law, the budgetary system of the Republic of Moldova is more concerned on budgetary reporting, showing the amount of executed allocations and the efficiency of their execution. Therefore, the interest applied in financial reporting domain will urge the necessary decisions to be taken to ensure the future financing of the institution, the proper use of public assets, as well as the application of their action measures.

A comparison was made regarding to components of financial reports presented in the national accounting framework (OMF 216, 2015) and in IPSAS 1 (table no.1).

Table no. 1. Comparison of the components of financial reports based on the national normative framework and international standards.

Financial reports according to OMF no.216, 2015	Financial reports according to IPSAS 1
Balance sheet	Statement of financial position
Income and expenditure report	Statement of financial performance
Cash flow report	Cash flow statement
Report on the execution of the budget	Information regarding to comparison of budget and actual amounts
	Statement of changes in net assets/equity
Narrative report on the execution of the budgets of the budgetary authorities / institutions	Notes

Source: The author's own processing, based on OMF no.216, 2015 and IPSAS 1.

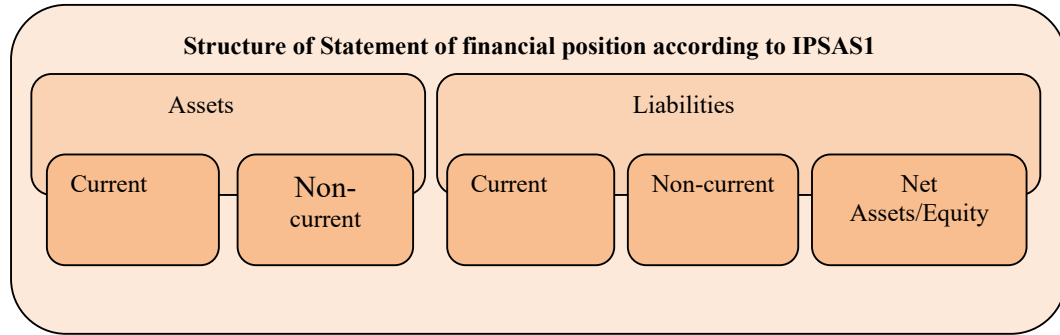
For the first, we observe a difference in the name of the financial reports. But international standards do not forbid this difference. It provides alternatives and states that the Statement of financial position may also be called the balance sheet or the Statement of assets and liabilities. Secondly, the difference in the component of the compared financial reports is almost identical, except for the Statement of changes in net assets/equity, which is required by IPSAS 1.

In order to have a clearer view on the level of convergence of national and international financial reports and to estimate the level of their transformation in the future, a comparative analysis of the content of each report will be provided below.

Statement of financial position

According to IPSAS 1, the institutions must present current and non-current assets and current and non-current liabilities as separate classification (fig.no.1). For some institutions, such as financial institutions, presenting assets and liabilities in order of increasing or decreasing liquidity provides reliable and more relevant information than presenting them as current / non-current assets, since the entity does not supply goods or services within a well-defined operating cycle. The need for a mixed presentation may arise when an entity has various operations.

Figure no. 1. The classification of Statement of financial position elements according to IPSAS 1.



Source: The author's own processing, based on IPSAS 1.

At least a statement of financial position should include elements that represent:

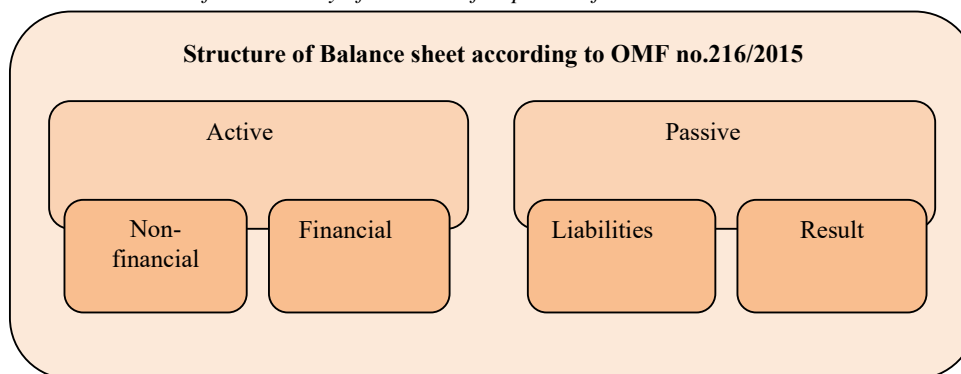
- tangible assets;
- investment property;
- intangible assets;
- financial assets;
- reserves;
- amounts to be reimbursed for non-exchange transactions (taxes and transfers);
- amounts to be received on exchange transactions;
- cash and cash equivalents;
- amounts payable on taxes and transfers;
- amounts payable on exchange transactions;
- financial liabilities;
- minority interest (uncontrolled interest), presented in net assets / equity;
- net assets / equity

Appendix B to IPSAS 1 (IPSAB, 2021) proposes the form for the Statement of financial position of a public sector entity. The lines in the report are arranged in decreasing order of liquidity. The balance sheet is built in accordance with the requirements of the standard. Thus, receivables and payables are structured taking into account the requirements for reflecting all types of debts - long-term and short-term.

According to rules from accounting requirements of Republic of Moldova, *Balance sheet* - is a summary accounting document which presents the financial position of the budgetary institution, the assets, liabilities, receivables, liabilities and value of its assets at the end of the reporting period, as well as in other situations provided by law.

Based on the structure of the balance sheet of budgetary institutions shown in the order of the Ministry of Finance no.216/2015 on the approval of the Chart of Accounts in the budgetary system and of the Methodological Rules on accounting and financial reporting in the budgetary system, balance sheet elements are classified as follows (fig.no.2).

Figure no.2. The classification of elements of balance sheet used by budgetary institutions in accordance with the current orders of the Ministry of Finance of Republic of Moldova.



Source: The author's own processing, based on OMF no.216/2015.

It should be noted that the specificity of Moldovan budget accounting is the division of all assets into financial and non-financial. This classification is adopted in a unified Chart of accounts in the budgetary system, approved in order no.216/2015. Such structure of balance sheet asset is a feature of Moldovan accounting, due to the last reforming in budgetary accounting from 2016 year. We will specify that the 2016 reform consisted not only in the application of the unified chart of accounts for all levels of governance, but also in the correspondence of the accounts with the classification from MGFS 2001, which influenced the classification of assets in financial and non-financial.

It is juxtaposed the form of balance sheet in two analyzed documents and the following differences are distinguished:

- the elements of the balance sheet, both in assets and liabilities, are arranged in a chaotic manner and do not correspond to the criterion of increasing / decreasing liquidity like in IPSAS,
- the assets in the balance sheet are classified according to the financial and non-financial criteria and are not grouped in current / non-current. Liabilities are not classified current/non-current too,
- in the passive of the balance sheet, after the Liabilities compartment follows the Results compartment (and not Net Assets / Equity, as provided in IPSAS 1). IPSAS 1 stipulates that equity consists of paid-in capital, being the cumulative total of contributions from owners at the reporting date minus distributions to owners. Thus, IPSAS 1 treats the notion of capital in the sense of the own source / owners of the institution's financing. Due to its legal status, the budgetary institutions in the Republic of Moldova do not form their own capital, but are fully financed by the government. Therefore, the use of the term "Equity" in the passive part is considered inappropriate.

Taking into account the fact that the way of classifying the elements from the national balance sheet is based on the structure of the current Chart of Accounts and is classified in financial and non-financial, as well as the fact that their classification according to IPSAS 1 in current /non-current and based on liquidity is also relevant and provides reliable information, all types of classifications were considered to form a draft of balance sheet analogous to that of IPSAS (table no.2).

Table no. 2. The draft of Balance sheet report, take in account requirements of national framework and IPSAS 1.

Name of the indicators	Prior year	Current year
Non-current nonfinancial assets		
Fixed assets	X	X
Amortization of fixed assets and intangible assets	X	X
Nonproductive assets	X	X
Values	X	X
Non-current financial assets	X	X
Internal receivables	X	X
Internal loans	X	X
Recredited loans	X	X
External receivables	X	X
external loans	X	X
Current non-financial assets	X	X
Inventories	X	X
Production in progress	X	X
Commodities		
State material reserves	X	X
Current financial assets	X	X
Internal receivables	X	X
Internal loans	X	X
Recredited loans	X	X
External receivables	X	X
external loans	X	X
Internal receivables	X	X
Internal loans	X	X
Cash flow	X	X
Total assets		
Non-current liabilities	X	X
Internal liabilities	X	X
Internal loans	X	X
Recredited loans	X	X
External liabilities	X	X
External loans	X	X
Current liabilities	X	X
Internal liabilities	X	X
Internal loans	X	X
Recredited loans	X	X
External liabilities	X	X
External loans	X	X
Result/Net assets	X	X
The result of cash execution of budgets	X	X
The financial result of the budgetary institution	X	X
Total passive		

Source: The author's own processing.

Taking into account the fact that the budgetary institutions of the Republic of Moldova, due to its legal status, do not form their own capital and do not distribute dividends, it is recommended do not introduce information related to contributions from owners and distribution of dividends in presented draft of report.

The proposed format of the Balance Sheet for budgetary institutions makes the opportunity to adapt the classification of the assets of the Republic of Moldova to the requirements of IPSAS. The task is solved by presenting the assets as financial and non-financial in each group of non-current and current assets. The division of assets is based on a detailed study of the economic essence of

financial and non-financial assets. The use of the methodology for classifying balance sheet elements, taking into account compliance with liquidity, has made the opportunity to build balance sheet elements in order of increasing liquidity.

Statement of financial performance

Public sector performance represents performance in a particular area or all areas of a budgetary institution, measured either in absolute terms or relative to performance in previous periods (Handler, 2005).

The financial performance statement is the base for accounting, the preparation of financial and budgetary reports, both at the level of the administrative unit and in the central accounting system and is used as a base for allocating budgetary funds and choosing a financing approach.

In the past, in the accounting of the budgetary system, the Report on the execution of the budget was the main one. As expectations for the quality of services and the transparency of government activities have increased, there is a need to prevalence the presentation of information, chanceing the emphasis from clearness and legality to efficiency and performance, as well as deciphering costs and revenues.

Thus, the Financial performance report reflects the operational level of activity and management of budgetary expenditure. Together with the IPSAS principles, this approach forms the basis of a new budget accounting model, which improves public finance management and presents the budget in a more complete and transparent way. At the same time, in budgetary institutions, the main priority should remain not profit, but the balance between expenditure and revenue. This means that the expenditure pursued at one level or another, in one institution or another, must be comparable. Comparing expenditures with revenues generated by the activities of different departments allows the calculation of net expenditures. Those costs can be compared with non-monetary indicators that reflect the quality of services provided or other characteristics, or can be used to define goals and objectives. By comparing expenses, objectives and results, information on management efficiency can be obtained.

IPSAS provides two alternative for reflecting information in the Financial Performance Statement: classification by the nature of expenditure and by destination (function). The method of classification by nature of expenditure provides for costs related to depreciation, procurement of goods and services, transport costs, employee benefits, subsidies and transfers.

It should be noted that the structure of the Financial Performance Statements would be more relevant to content the expenditure based on the classification by nature. Regarding the presentation of budgetary expenditures by destination or function, such as expenditures in the field of health, labor, education, defense, etc., they are aggregated in the budgetary reports on budget execution.

IPSAS 1 establishes the model for the Financial performance report (table no.3).

Table no. 3. The content of Financial performance statement based on IPSAS 1, according to classification by nature.

Name of the indicators	Prior year	Current year
Revenue		
Taxes	X	X
Fees, fines, penalties, and licenses	X	X
Revenue from exchange transactions	X	X
Transfers from other government entities	X	X
Other revenue	X	X
Total Revenue	X	X
Expenses		
Wages, salaries, and employee benefits	(X)	(X)
Social benefits		
Grants and other transfer payments	(X)	(X)
Supplies and consumables used	(X)	(X)

Depreciation and amortization expense	(X)	(X)
Impairment of property, plant, and equipment	(X)	(X)
Other expenses	(X)	(X)
Finance costs	(X)	(X)
Total Expenses	(X)	(X)
Share of surplus of associates	X	X
Surplus/(deficit) for the period	X	X
Attributable to:	(X)	X
Owners of the controlling entity	(X)	X
Non-controlling interest	(X)	X

Source: The author's own processing, based on IPSAS 1.

The OMF no.216/2015 establishes the next Financial performance report approved for budgetary institutions (table no.4).

Table no. 4. The Income and expenditure report approved by OMF no.216/2015.

Name of the indicators	Current year
Income	
Taxes and fees	
Mandatory insurance contributions and premiums	
Grants received	
Other incomes	
Transfers received within the national public budget	
Expenditure	
Staff expenditure	
Goods and services	
Depreciation expenses	
Interest	
Subsidies	
Grants awarded	
Social benefits	
Other expenses	
Transfers granted within the national public budget	
The result of the current year	

Source: The author's own processing, based on OMF no.216/2015.

Following the juxtaposition of the last two tables, it is observed that the Moldovan report does not contain the column compared to the previous year and also does not contain the expenses regarding share of surplus of associates and owners of the controlling entity.

Taking into account the fact that the budgetary institutions of the Republic of Moldova, due to its legal status, do not form their own capital and do not distribute dividends, it is recommended, do not complete discussed report in the process of harmonization the information about share of surplus of associates and owners of the controlling entity.

Cash flow report

Cash flow report contains information on the execution of funds, including by types of activity: operational, investment, financial.

In comparison with other financial reports, the Cash Flow Report is prepared by the cash method.

The requirements for the preparation of the Report are described in IPSAS 2 "Statements of Cash Flows".

The information in this report is useful to help users forecast (a) future cash needs, (b) its capacity to generate cash flows in the future, and (c) its capacity to finance changes in the scope and nature of its activities. The cash flow report is also an instrument through which an institution can discharge its cash inflows and outflows accounting during the reporting period.

That report, used with other financial statements, provides information that allows users to assess changes in an institution's net assets, its financial structure (including its liquidity and solvency), and the institution's ability to influence the value and timing of cash flows in order to adapt to ever-changing circumstances and opportunities. This information also increases the comparability of the reporting of operating results between different entities and institutions, as it eliminates the effects of using different accounting treatments for the same transactions and other events.

The forms of the Report on the cash flow from IPSAS 2 and OMF no.216/2015 were extracted. The content of these reports was analyzed and compared and it was concluded that the harmonization of this report will not require fundamental changes. The report on the cash flow of the Republic of Moldova has a structured content analogical to that of the IPSAS 2.

Only not substantial changes will be required:

- to extract the items State material reserves, Material stocks, Production in progress, Goods from the Investment activity compartment and enter them in the Operations activity compartment,
- to include in the Moldovan report information on cash equivalents, as required by international standards,
- to enter a column on the balance from the previous year.

Report on the execution of the budget

Budget Execution Report (Information comparing budget values with actual values) - includes information on approved / specified budget, execution of cash and cash revenues and expenditures, non-financial and financial assets, budget debts and cash balances, total receivables and payables, including overdue receivables and overdue debts (arrears).

Considering that budgetary institutions operate on the basis of a budget approved by law, IPSAS 1 encourages the inclusion in the set of financial reports of information on the value of the approved budget and the actual value of its execution. It provides information on whether the funding has been obtained and used in accordance with the approved budget. More data and comparisons related to the execution of the budget are regulated by IPSAS 24 "Presentation of budget information in the financial statements" (IPSASB, 2021).

IPSAS 1 does not provide a specific form for the Budget Execution Report. Analyzing the respective Report in the Republic of Moldova, which is in force and prepared regularly at the presentation of the financial reports, it is found that it contains the colony with the approved budget, the colony with the executed budget, the colony with actual expenditures and other colonies reflecting receivables and liabilities from report. Thus, it can be stated that the report on the execution of the budget in force is a report corresponding to the requirements of IPSAS 1 and it is not necessary to make any changes to it.

Report of changes in net assets/equity

The information from table no.1 clearly shows us that Report of changes in net assets/equity is not found in the components of financial reports of the budgetary system of the Republic of Moldova.

IPSAS 1 mentions that the Report of changes in net assets/equity is a fundamental one, which should reflect information compared to the previous year:

- (a) the surplus or deficit for the period;
- (b) each element of income and expense for the period is recognized in net assets / equity and the total of those elements;
- (c) the total income and expenses for the period (calculated as the sum of (a) and (b)); and
- (d) for each component of net assets / equity presented separately, the effects of changes in accounting policies and corrections of recognized errors;
- (e) the sum of transactions with owners acting in their capacity as owners, presenting separately the distributions to the owner (dividends);

(f) the balance of surpluses or deficits at the beginning of the period and at the reporting date, as well as changes during the period; and

(g) to the measure that the components of net assets / equity are presented separately, a reconciliation between the carrying amount of each component of net assets / equity at the beginning and end of the period, showing each change separately.

Take into account that the budgetary institutions in the Republic of Moldova, due to its legal status, do not form their own capital and do not distribute dividends, it is recommended, when preparing the draft report on changes in net assets / equity, to exclude information related to owners and distribution of dividends. At the same time, it is considered that the use of the term "equity" is inappropriate and the name of the analyzed report should remain the Report of changes in net assets. It is recommended that the draft Report to contain information compared to the previous period for the following elements:

- the financial result of the budgetary institution,
- correction of the results of previous years,
- changes in accounting policies,
- net income recognized directly from net assets,
- the amount of financing from the budget, take in account that all expenditure of the budgetary institutions is made on the basis of budgetary allocations.

Narrative report on the execution of the budgets of the budgetary authorities / institutions

Narrative report on the execution of the budgets of the budgetary authorities / institutions (Notes) - is a narrative description, which reflects the information on the execution of budgets of budgetary authorities / institutions, the factors that influenced the execution of budgets, and reveals in detail the information in financial reports.

According to IPSAS 1, the Notes must reflect:

- the basis of measurement used in drawing up the financial statements,
- additional and relevant information to understand the financial statements,
- important information, from the management's point of view, which is not contained in the financial statements. When deciding the need to present a particular accounting policy, management considers how the presentation would help users understand how transactions, other events and conditions are reflected in the financial statements.

According to the Republic of Moldova accounting framework, the requirements for Narrative Report are approved by the internal order and should contain more information on the full description of the reports and include:

- general description of the execution of the budgets of the budgetary authorities / institutions
- description of the information on the implementation of grants awarded from the budget directly by their beneficiaries
- description of the information from the balance sheet
- description of receivables and debts, formed in the budgetary authorities / institutions
- description of the information to be consolidated
- description of performance by programs / subprograms and quotas
- additional information.

Analyzing the IPSAS regulations, it is found that, when preparing the narrative report, it is applied the judgments accountant. Generally, it is relied on that the self-employed institution must decide whether one piece of information is useful to be presented to users.

Therefore, the advantage of drawing up the narrative report at the discretion of the leader is the flexibility to reflect the information. The institution may reflect activity-specific information, the size and composition of services, future actions, etc. The disadvantage is the risk of drawing up too compressed a report, which would complicate the analysis and understanding of information by users.

In order to avoid this ambiguity, it is proposed to maintain the current requirements, approved in the Republic of Moldova, for the preparation of the narrative report.

Harmonization of Moldovan public financial reporting in the context of IPSAS requirements will help solve the following tasks:

- improving the analytical situation of the financial position, drawn up in a strict order of increasing liquidity;
- compliance with IPSAS 1 balance sheet requirements;
- the inclusion in the statement of financial position of the "Net Assets" sub-fund will allow a logical reflection of both the operational result of the institution's activities and the institution's financing;
- old terminology in reports will be replaced by current terminology;
- the inclusion of a Statement of changes in net assets in the reporting for the budget sector will ensure the comparability (coherence) of the balance sheet;
- reporting will become easy to understand for all categories of users.

The application of IPSAS is meant to bring the financial reporting of the budgetary system in the Republic of Moldova to a new level.

5. Conclusions

In the above research, the Moldovan budget financial reports were faced with those in IPSAS 1 and IPSAS 2 (IPSASB, 2021). Their structure and content were analyzed in detail and in conclusion we should state that for the adoption of IPSAS, the Moldovan public financial reporting will not undergo fundamental changes.

This situation is affected by the latest budget accounting reform implemented in 2016. The reform was based not only on the development of a Single Chart of Accounts for all levels of governments, but on the correspondence of its accounts with the GFSM, 2001 classification also. At the same time in accordance with GFSM, 2001 have been elaborated and implemented financial reports for the public sector. Considering that the financial reports in GFSM, 2001 are close to those in IPSAS and are also required at the level of international reporting, we should conclude that the budgetary financial reporting in Republic of Moldova has already a degree of convergence with the requirements of IPSAS financial reporting and the requirements of international organizations.

Governments, including public institutions in certain fields, have an accounting system taking into account the specifics of each, while IPSAS has unique general requirements for all public institutions, without particularities of each of them (Ristea *et al*, 2010).

Relying on research of Polzer T. *et al*, 2021, about deviations of national accounting rules from IPSAS and their reasons, we state that the harmonization of the Moldovan budgetary financial reporting should admits the divergence with IPSAS, due to they not treat all transactions that occur in specific budgetary institutions.

However, the deviations of the financial reporting requirements analyzed in the paper need to be taken into account at the stage of public sector reform of the Republic of Moldova (OMF 159.2016). According to the results of the analyzed international literature it was found to focus on the following:

- adoption of IPSAS requirements usually takes for more than 10 years,
- formation and training of a team of national organizations of local experts, who will be in charge only of the field of IPSAS,
- receiving of technical assistance from international experts on correct understanding of the language of IPSAS.

We rely on that the results and recommendations obtained will ensure the understanding of future changes in the financial reporting system and will provide an image on which nuances should be pay attention for the future harmonization of them.

6. References

- Christiaens, J., Reyniers, B., Rollé, C., 2010. Impact of IPSAS on Reforming Governmental Financial Information Systems: A Comparative Study. *International Review of Administrative Sciences* 76(3), p. 537-554.
- Cretu, C., Sirbu, C., Gheonea, V., & Constandache, N., 2011. *Presentation of financial statements according to IPSAS – A challenge for professional accountants*. Conference: European Integration - Realities and Perspectives, Proceedings, 6, [online] Available at: <https://www.researchgate.net/publication/258506799_PRESENTATION_OF_FINANCIAL_STATEMENTS_ACCORDING_TO_IPSAS_-_A_CHALLENGE_FOR_PROFESSIONAL_ACCOUNTANTS>[Accessed 2 June 2022].
- Cuadrado-Ballesteros, B., & Bisogno, M., 2021. Public sector accounting reforms and the quality of governance. *Public Money & Management*, 41(2), [online] Available at: <DOI: 10.1080/09540962.2020.1724665> [Accessed 1 June 2022].
- Geiger, R. (1990). *L'harmonisation des normes comptables le rôle de l'OCDE/The harmonization of accounting standards the role of the OECD/*. Réflexion sur la comptabilité, Hommage à Bertrand d'Illiers/ Reflection on accounting, Tribute to Bertrand Illiers. Paris: Economica, pp. 174-175.
- Government Finance Statistics Manual 2001, [online] Available at: <<https://www.imf.org/external/pubs/ft/gfs/manual/index.htm>>[Accessed 2 June 2022].
- Handler, H., Koebel, B., Reiss, P., Schratzenstaller, M., 2005. *The Size and Performance of Public Sector Activities in Europe*, WIFO Working paper No. 246/2005. [online] Available at: <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1861528> [Accessed 12 April 2022].
- IPSASB 2021, Handbook of international public sector accounting pronouncements, IFAC, published on 22.03.2021. [online] Available at: <<https://www.ipsasb.org/publications/2021-handbook-international-public-sector-accounting-pronouncements>> [Accessed 2 June 2022].
- Josedilton, A. D. (2015). *Advantages of the Implementation of IPSAS in Brazilian Public Accounting: Analysis of the perception of the members of GTCON*, [online] Available at: <https://www.researchgate.net/publication/282440845_Advantages_of_the_Implementation_of_IPSAS_in_Brazilian_Public_Accounting_Analysis_of_the_perception_of_the_members_of_GTCON> [Accessed 28 April 2022].
- Lubis, A. F, Lubis, T. A, and Muda, I., 2016. The role of Enterprise Resource Plan (ERP) configuration to the timeliness of the financial statement presentation. *International Journal of Applied Business and Economic Research* 14 (11) 7591-608.
- Polzer, T., Adhikari, P., Nguyen, C.P. and Gårseth-Nesbakk, L., 2021. Adoption of the International Public Sector Accounting Standards in emerging economies and low-income countries: a structured literature review. *Journal of Public Budgeting, Accounting & Financial Management*, Vol. ahead-of-print [online] Available at: <<https://doi.org/10.1108/JPBAFM-01-2021-0016>>, accessed on 30.10.2021.
- Ristea, M., Jianu, I., Jianu, I., 2010. The Romanian Experience in the Implementation of the International Financial Reporting Standards and of the International Accounting Standards for the Public Sector. *The Transylvanian Review of Administrative Sciences*, Vol. 1 (25), pp. 169-192.
- Samuel Atsibha Gebreyesus, 2020. Assessment of the challenges and benefits of adopting International Public Sector Accounting Standards in developing countries –the case of Ethiopia. *European Journal of Economic and Financial Research*, Vol. 4, pp. 99-107. [online] Available at: <<https://oapub.org/soc/index.php/EJEFR/article/view/806>>, accessed on 02.11.2021.
- * * * The order of the Ministry of Finance no.159/27.12.2016 on the approval of the Concept and the Action Plan for the elaboration of the National Accounting Standards for the Public Sector, published on 17.02.2017 in the Official Monitor of Republic of Moldova No. 50-59 art. 202. [online] Available at: <https://www.legis.md/cautare/getResults?doc_id=120037&lang=ro>, accessed on 26.10.2021.
- * * * The order of the Ministry of Finance no.216/28.12.2015 on the approval of the Chart of Accounts in the budgetary system and of the Methodological Rules on accounting and financial reporting in the budgetary system, published on 31.12.2015 in the Official Monitor of Republic of Moldova No. 377-391 art. 1001. [online] Available at: <https://www.legis.md/cautare/getResults?doc_id=128219&lang=ro>, accessed on 25.10.2021.