

**UNCTAD-Intergovernmental Working Group of Experts on
International Standards of Accounting and Reporting**

**Workshop on the practical implementation of International Public Sector
Accounting Standards**

Tuesday, 3 November 2015
Room XVIII, Palais des Nations, Geneva
Afternoon Session

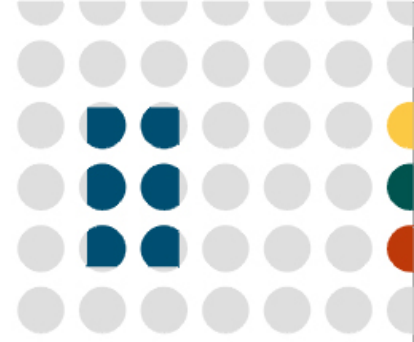
Country-level practical implementation experiences

Presented by

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Director

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Public Sector Accounting System Reform in Lithuania: experience, lessons and challenges

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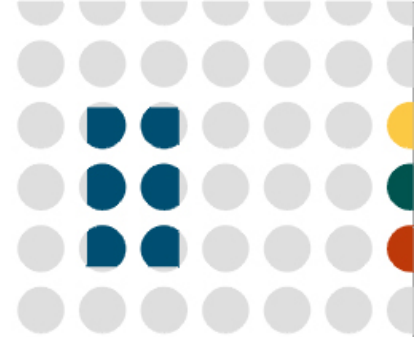
Workshop on practical implementation of IPSAS

Ingrida Muckutė,
Ministry of Finance of the Republic of Lithuania

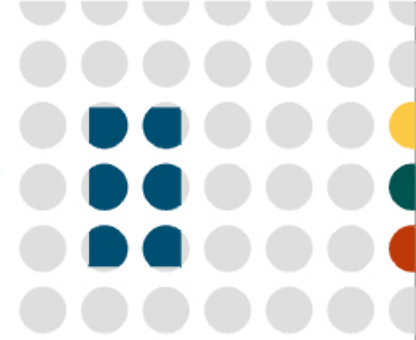
Geneva, 3 November 2015

Agenda

MINISTRY OF FINANCE



- Scope of the Reform
- Proceedings of the Reform
- Transition rules
- Financial statements
- Challenges still to face
- Benefits of the Reform

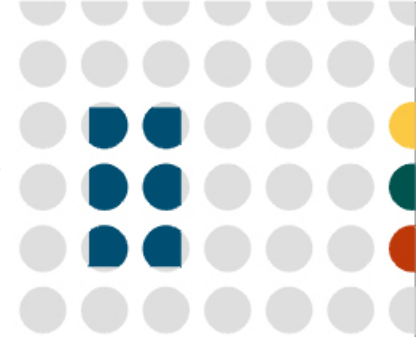


Scope of the Reform

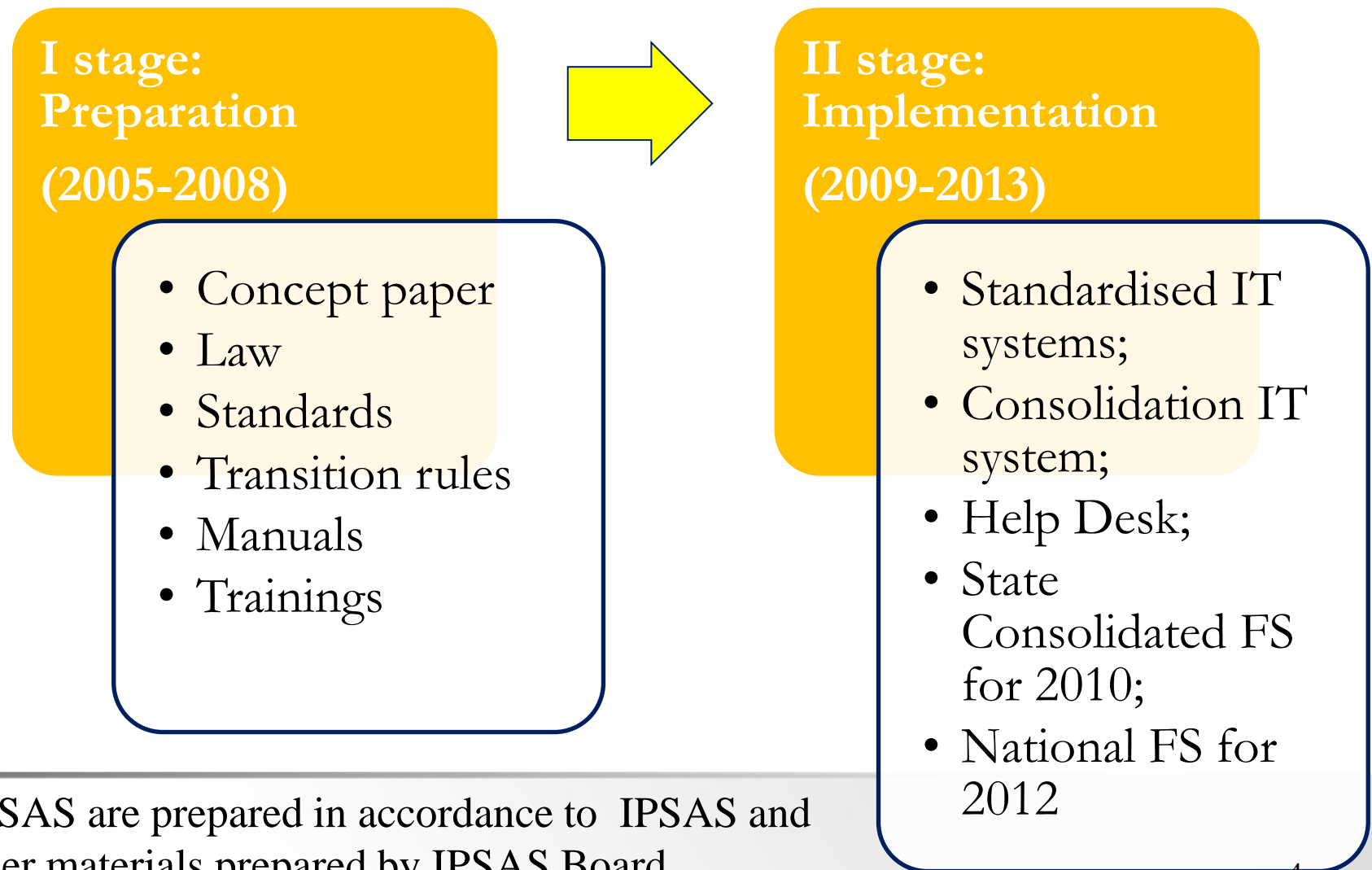
- MoF chose BIG BANG approach – transition to accrual in all levels from 1 January 2010:
 - ✓ Budgetary institutions (government and municipality levels)
 - ✓ Social funds (2)
 - ✓ State treasury fund
 - ✓ State monetary funds (4)
 - ✓ Municipalities (60)
 - ✓ Public institutions (hospitals, universities)
- More than 4500 entities participated in the reform
- Separate financial statements for every public sector entity.
- Consolidated financial statements for every group, state, municipality, country as a whole.

Proceedings of the Reform

MINISTRY OF FINANCE



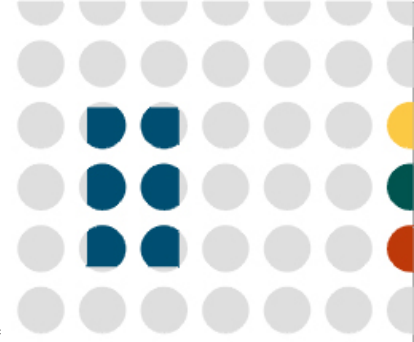
(1)



LPSAS are prepared in accordance to IPSAS and other materials prepared by IPSAS Board (Recommended Practice Guidelines)

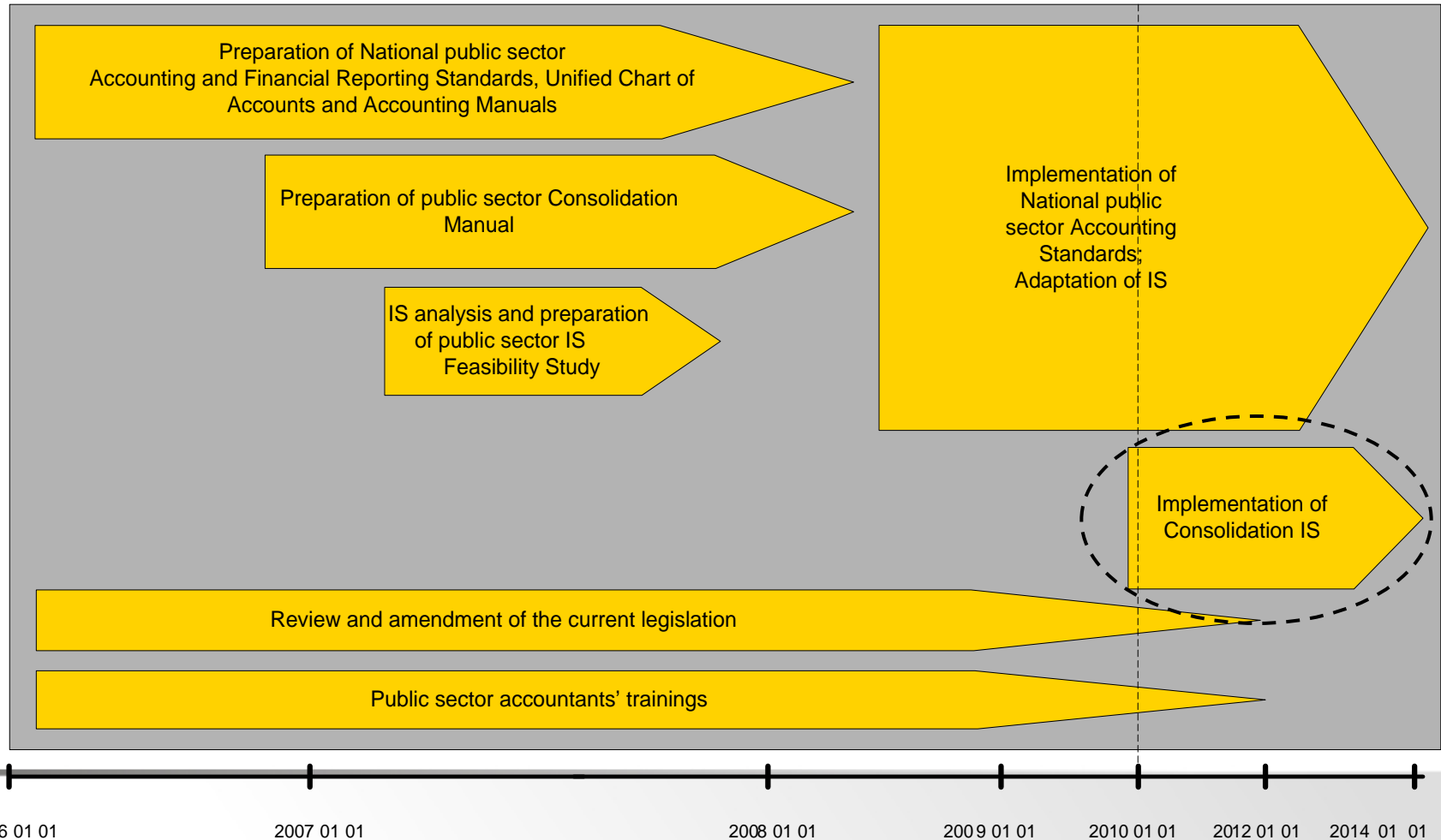
Proceeding of the Reform

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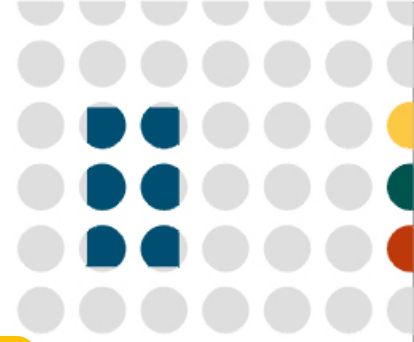


Consolidation is the final step of Accounting Reform

Beginning of
PSAFRS
implementation



Transitional rules: 2009



1. Bridge the old chart of accounts with the new one



2. Register the amounts of assets, liabilities and funds in the New chart of accounts



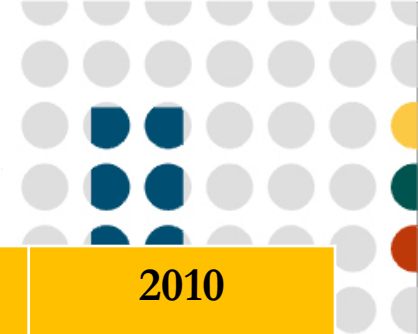
3. Valuation and adjustments in accordance to NPSAS



4. Opening balances

State Balance Sheet (€ billion): 2010 vs. 2014

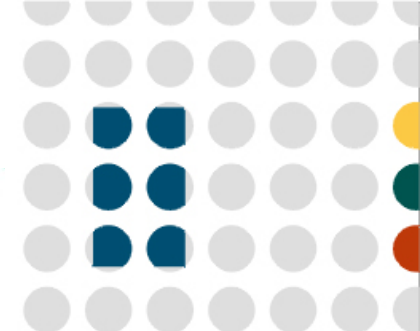
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	2014	2010
Intangibles	0,10	0,06
Property, Plant and Equipment	28,60	16,86
<i>Incl. Land</i>	24,61	13,64
Long-term Financial Assets	10,98	8,61
Other long-term assets	0,55	0,00
TOTAL LONG-TERM ASSETS	40,23	25,53
BIOLOGICAL ASSETS	0,00	0,00
Inventories and Prepayments	0,39	0,34
Accounts receivables	2,04	1,27
Cash and Short-term investments	2,48	1,75
TOTAL SHORT-TERM ASSETS	4,91	3,36
TOTAL ASSETS	45,14	28,89

State Balance Sheet (€ billion): 2010 vs. 2014

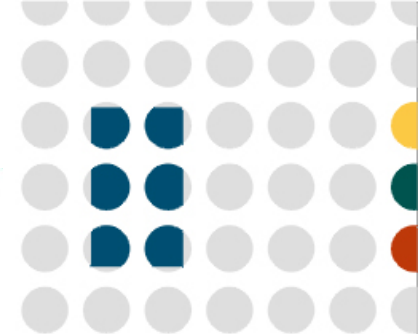
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	2014	2010
FUNDS	3,59	1,75
Long-term Liabilities	12,48	9,46
Short-term Liabilities	3,88	2,03
TOTAL LIABILITIES	16,36	11,49
Reserves	18,72	11,61
Result from Equity Method	0,22	1,07
Net Surplus or Deficit	6,25	2,97
TOTAL NET ASSETS	25,19	15,65
TOTAL FUNDS, LIABILITIES AND NET ASSETS	45,14	28,89

Statement of Financial Performance

MINISTRY OF FINANCE



Revenue From Main Functions

Revenue from funding

Tax revenue

Other revenue from main activities

Expenses From Main Activities

Surplus or deficit from Main Functions

Result from other activities

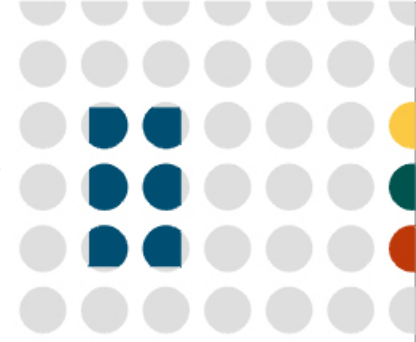
Result from financial activities

Change of accounting policies and Impact of Material Errors Correction

Surplus or deficit from before Result from Equity Method

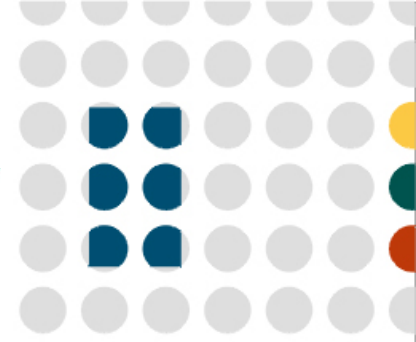
Result from Equity method

Net Surplus or Deficit



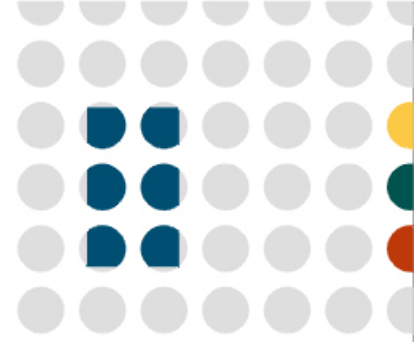
Challenges still to face

- Optimization of accounting and financial reporting function
- Establishment of competence centers
- Encouraging the use of financial statements amongst management of public sector entities
- Analysis of financial statements information
- Interrelation to budgeting and statistical reporting
- Use of financial information in decision making
- Long term fiscal sustainability planning



Benefits of the Reform

- Transparency of information
- Improved control through financial data and its reconciliation
- Ability to evaluate short term and long term assets and liabilities on both – institutional and national levels
- Improved competence of the public sector accountants



QUESTIONS ?