



Ministry of Finance of the Slovak Republic

Project: Providing advisory services for
improving accounting and reporting systems
of public finance

Final report

Status: 27 October 2007



KPMG Slovensko, spol. s r.o.



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Bratislava, 27 October 2007

Contents

1	Executive summary	1
1.1	Reaching the Project objective	1
1.2	Overview of reaching the Project results	2
1.3	Project strengths and weaknesses	7
2	Overview of Project results per workgroups	8
2.1	Accounting	9
2.1.1	Analysis of current status of financial reporting in the public sector	9
2.1.2	Evaluation of the accounting framework of the public finance after implementation of accrual accounting	17
2.1.3	Vypracovanie Metodickéj príručky k opatreniu MF SR	18
2.1.4	Proposal for the new structure of public administration final account	18
2.2	Consolidation	18
2.3	Fiscal reporting	19
2.3.1	Common use of accounting data for both financial and fiscal reporting	20
2.3.2	Using activities carried-out within the accounting consolidation for the benefit of the fiscal consolidation	20
2.3.3	Using the same data collection system and of IS JÚŠ	21
2.3.4	Concrete recommendations for improving work organisation during summarising and processing ESA95 and GFSM2001 statements	21
2.4	Organisation	22
2.5	Information technology	23
2.6	Training	24
2.6.1	Foundation of accrual accounting	24
2.6.2	Accounting of the state and of the self-administration per the IPSAS principles	25
2.6.3	Consolidation pack	32
2.6.4	Consolidated financial statements	33
2.6.5	IPSAS	34
2.6.6	Evaluation of trainings	35
2.7	Communication	42
2.7.1	Letter of MF SR to the representatives of public administration authorities	43
2.7.2	Meeting with representatives of local self-administration	43
2.7.3	Information on the project on Internet sites	43
2.7.4	Further ways of distributing information on trainings	44
2.7.5	Articles in specialised press	44
2.7.6	Specialised conferences	46
2.7.7	Report presented at the session of the Slovak Government	47
3	Analysis of Project impact on strengths and weaknesses of existing public finance accounting framework	47

3.1	Accounting and financial reporting	48
3.1.1	Strengths of the current system of financial reporting	48
3.1.2	Weaknesses of the current financial reporting system	48
3.2	Accounting process at the MF SR	54
3.2.1	Funds accounting	54
3.3	MF SR Office accounting	55
3.3.1	Process of maintenance and further development of accounting system	56
3.3.2	Grouping criteria in IS for fixed assets register	57
3.3.3	Registering persons fully responsible for allocated assets	57
3.3.4	FINFAP report generation	57
3.3.5	Budgetary approval of order instead of invoice	57
3.3.6	Indication of budgetary classification code as output of budgetary control for petty cash expenditures	58
3.4	VPS accounting	58
3.4.1	Functionality for managing financial assets and liabilities	59
3.4.2	Accounting control over tax and customs assets and liabilities	60
3.5	Fiscal reporting	60
3.5.1	Detailed description of weaknesses	62
3.5.2	Proposed tables into notes to financial statements from the point of view of statistical reporting needs	67
4	Long-term plan - Project sustainability	68
4.1	Účtovníctvo	68
4.2	Consolidation	69
4.3	Fiscal reporting	70
4.4	Organisation	70
4.4.1	Selection of a unified communication channel	70
4.4.2	Implementation of a unified system of data submission	71
4.4.3	Using IS JÚŠ system	72
4.4.4	Administrative capacity for ensuring the consolidation proces at the MF SR	72
4.5	Information technologies	72
4.6	Training	73
4.7	Communication	74
4.7.1	Forms and targets of communication	74
4.7.2	Other communication activities	75
5	Analysis of completing the Project activities	75
6	Financial report	80

1 Executive summary

This report is the the final output of the project for providing advisory services to the Ministry of Finance of the Slovak Republic ("MF SR") for improving accounting and reporting systems of public finance ("Project"), in compliance with the contract for providing services concluded on 27 February 2006 between the MF SR as the client and KPMG Slovensko, spol. s r.o. as the leading member of the group of entrepreneurs. This group is hereinafter referred to as the "Provider".

1.1 Reaching the Project objective

The Project is the component part of the Public Finance Management Reform Project ("PFMR") in Slovakia. The overall objective of it was to improve macroeconomic performance and fiscal transparency of public finance in Slovakia and meeting "Acquis Communautaire" requirements related to the budget of European Commission, financial relationships and accounting and public sector reporting on accrual basis. The Project followed on the prior work of the MF SR and cooperating advisers in this area, primarily of the Adviser on public finance accounting, especially in the area of emphasising the significance of accrual accounting in public finance, migration plan and project risk analysis.

The purpose of the Project was to carry-out all the activities needed to reach the set objective, primarily:

- to provide advisory services in implementing the migration plan to accrual accounting,,
- to provide advisory services in design, testing and implementing adequate accounting and fiscal reporting systems and reports, including general purpose financial statements,
- to train approximately 3000 state administration accountants and accountants of local self-administration in using the new accounting and fiscal reporting framework.

The Project objective was detailed into the expected Project results that were defined in the Inception Report. We provide an overview of reaching these results in section 1.2. We consider the reached Project results for sufficiently effective to enable us to conclude that the Project objective was reached and the Project purpose materialised. It can be expected that the Project will have the positive impact also after its conclusion, not only directly on the accounting records of involved accounting entities and on the processes within the State Reporting Section of the MF SR, but also on the broader area of the public finance in Slovakia.

The Project objective was reached efficiently, i.e. without incurring unnecessary costs. The Project budget was met, costs were in saved in some areas. The financial aspect of these savings is analysed in more detail in the financial report in the section 6. The reason for savings was that some activities were not carried-out without substitution, or they were substituted by activities where savings were reached. The matter of project activities not carried-out or substituted is dealt with in section 5.

1.2 Overview of reaching the Project results

In compliance with the Inception Report, the Project was to bring results as stated in the table below:

No.	Expected Project result	Actual result
1.	Implemented accrual basis accounting including:	Completed partially.
1.1	- evaluation of existing public finance accounting framework	Completed.
1.2	- assessment, testing and implementation of migration plan for extending the accounting framework based on cash flows to accrual accounting,	Completed.
1.2b	- assistance in coordinating activities needed to prepare statements for 2006 (identification of data submitted by each public sector entity for reporting needs, data-submission time-schedule, data collection system) and assistance in preparing the following statements: - statements for 2006 prepared in compliance with ESA95 and GFSM2001, - Closing account of the State for 2006 - Consolidated financial statements for the budgetary chapters administered by the MF SR for 2006	Completed.
1.3	elaborated drafts for MF SR of primary and secondary legislation	Completed.
1.4	elaborated drafts for MF SR of relevant methodologies, procedures, operational guidelines, regulations and manuals,	Completed.
1.5	trained employees of state administration and of local self-administration;	Completed.
2.	Updated report on existing fiscal and financial reporting framework including analysis of needs, taking into account IPSAS, ESA95, GFS and SNA standards, including evaluation of the existing framework;	Completed.
3.	Updated designs of new fiscal and financial reporting framework and reports, including, among others	Completed.
3.1	competence framework,	Completed.
3.2	relevant requirements of state reporting, EU reporting and financial statements;	Completed.
4.	Tested and implemented new framework of fiscal and financial reporting and reports;	Substituted.
4b.	The following outputs from the activities stated in point 1.2b prepared: - draft of a new structure of the closing account of the State (retaining original sections, including summary financial statements of the State, proposing internal structuring of the closing account of the State also per users), including drafts of amendments of related legislation pending the closing account of the State, closing account of the public administration and annual report of public administration entities, - concrete recommendations for improving work organisation during summarising and processing ESA95 and GFSM2001 statements, - concrete recommendations for improving work organisation during preparing the consolidated financial statements for the budgetary chapters administered by the MF SR.	Completed. Completed. Completed.
5.	Submitted working draft of relevant procedures of the MF SR, operating guidelines and regulations for fiscal and financial reporting framework and reports;	Completed.
6.	Accountants of state administration and local self-administration (or other relevant governmental institutions), in the number of approximately 3000 persons, trained in using the new fiscal and financial reporting framework, and consolidation package.	Completed.

In the following section, we provide analysis of reaching the actual results:

1. Implemented accrual basis accounting - completed partially

Reaching of the stated goal had 2 aspects:

- a) To create conditions for implementing the accrual accounting.
- b) To launch the live use of the accrual accounting in the defined public administration entities.

The goal was reached in the scope of the point a), i.e. conditions were created for implementing the accrual accounting. For this purpose, the Project team prepared the following Project outputs:

- 1. Draft amendment of the act Nr. 431/2002 Z.z. related to preparing the summary financial statements of the public administration,
- 2. Methodological handbook to the regulation of the MF SR of 8 August 2007 setting details on accounting procedures and framework chart of accounts for budgetary organisations, contributory organisations, state funds, municipalities and local governments,
- 3. Report on deviations between the IPSAS and the published version of the regulation of the MF SR of 8 August 2007 setting details on accounting procedures and framework chart of accounts for budgetary organisations, contributory organisations, state funds, municipalities and local governments,
- 4. Sample notes to the non-consolidated financial statements.

These outputs create sufficient conditions to launch live use of the accrual accounting since 1 January 2008. As regards the point b), in result of postponing the time for passing the amendment of the act 431/2002 Z.z., the launch of live use of the new accounting methodology based on IPSAS was postponed by 1 year from the original Project time-schedule. From this reason, it was not possible to carry-out some Project activities, or some had to be modified, as we explain in detail in section 5. These circumstances, in the opinion of the Project team, had no impact on reaching the Project purpose.

1.1 Evaluation of existing public finance accounting framework - completed

We elaborated the detailed evaluation of the existing public finance accounting framework within the Report on strengths and weaknesses of the existing financial and fiscal reporting framework. In order to provide the complete information, we provide our findings also in this Report in section 2.1.1.

1.2 Assessment, testing and implementation of migration plan for extending the accounting framework based on cash flows to accrual accounting - substituted

This Project result was to be delivered by the activity 9 per the Activity Plan. Due to delay in legislation passing process, it was not possible to carry-out this activity and its contents was modified by the decision of the steering committee, see section 5. We analyse reaching of goals of the modified activity within activities 1.2b.1 - 1.2b.3. The modified activity fully contributes to reaching the Project purpose.

1.2b Assistance in coordinating activities needed to prepare statements for 2006 in compliance with ESA95 and GFSM2001, to prepare closing account of the State for 2006 and

to prepare consolidated financial statements for the budgetary chapters administered by the MF SR for 2006 - completed

Our assistance was focused on identifying data submitted by each public sector entity for reporting needs, data-submission time-schedule, data collection system. Data identification is provided for by the Consolidation pack, where the data definitions cover needs of both financial and fiscal reporting. The time-schedule and the data-collection system is a part of the Process manuals for the organiser, for accounting entities preparing the consolidated F/S, and for accounting entities not preparing the consolidated F/S. A direct assistance in preparing statements in compliance with ESA95 and GFSM2001 was not needed. The Project team directly provided assistance in the pilot consolidation of the MF SR, i.e. in preparing the consolidated F/S for 2006 for the budgetary chapters administered by the MF SR. Our activity in this area is described in detail in the Report from the pilot consolidation.

1.3 Elaborated drafts for MF SR of primary and secondary legislation - completed

The drafts of primary and secondary legislation elaborated by the Project team to support implementation of the accrual accounting was described within the analysis of completion of the goal 1.

1.4 Elaborated drafts for MF SR of relevant methodologies, procedures, operational guidelines, regulations and manuals - completed

In order to complete this goal, the Project team elaborated the following Project outputs:

1. Methodological handbook for consolidation
2. Process handbook for consolidation organiser
3. Process handbook for accounting entities preparing consolidated F/S
4. Process handbook for accounting entities not preparing consolidated F/S
5. Consolidation pack
6. Consolidation pack manual

The process handbooks include all aspects needed to define a new process, i.e. they define

- all entities involved in this process (competence framework),
- all subprocesses within the main consolidation process,
- activities within subprocesses, including time-schedule, related inputs, outputs, responsibilities and manhour estimates where applicable,
- mode of using the information systems, including the future Information system of single accounting of the state ("IS JÚŠ").

These documents passed the commenting by the Project team members for the MF SR and they meet the MF SR needs in administering the future financial and fiscal reporting process.

1.5 Trained employees of state administration and of local self-administration - completed

The new accounting and consolidation methodology required a fundamental change in minds of accountants. The trainings provided within this Project were based on the Conception of further

education for state administration and local self-administration elaborated by the MF SR. In respect to this, the following trainings were delivered within the Project:

- foundation training and
- continuation trainings.

The foundation training was delivered into 2 parts:

- a) foundation of accrual accounting and
- b) accounting of the state and of the self-administration per the IPSAS principles.

The continuation trainings were divided into 3 parts:

- a) consolidation pack,
- b) consolidated financial statements and
- c) IPSAS.

In connection with preparing and delivering the individual trainings, the following activities were carried-out:

- ensuring logistics of the trainings,
- acquiring additional lecturers (Ing. M. Brániková and Ing. T. Urbanová) for the part 2 of the foundation training : "Accounting of the state and of the self-administration per the IPSAS principles",
- defining contents of individual trainings and obtaining approval by the MF SR,
- preparing time-schedules for particular trainings,
- preparing time-schedules for particular locations,
- preparing training materials for distribution to trainees,
- preparing final tests,
- delivering the trainings.

The logistics of the above training activities was delivered by the University of Pavol Jozef Šafárik in Košice.

The trainings were delivered in the following 5 cities: Banská Bystrica, Bratislava, Nitra, Košice a Žilina.

Details on numbers of training runs, trainees and on evaluation are presented in section 2.6.

2. Updated report on existing fiscal and financial reporting framework including analysis of needs, taking into account IPSAS, ESA95, GFS and SNA standards, including evaluation of the existing framework - completed

We elaborated a detailed evaluation of the existing public finance accounting framework within the Report on strengths and weaknesses of the existing financial and fiscal reporting framework. In order to provide the complete information, we provide our findings also in this Report in section 2.1.1. The impact of the Project results on the existing fiscal and financial reporting

framework is presented in section 3 in the form of analysis of weaknesses elimination and strengths development.

3. Updated designs of new fiscal and financial reporting framework and reports, including, among other the competence framework of the financial and fiscal reporting and relevant requirements of state reporting, EU reporting and financial statements - completed

The new competence framework of the financial and fiscal reporting was elaborated in detail in the Methodological handbook for consolidation, stating duties of particular entities in the financial and fiscal reporting, separately for the organiser (MF SR), for the accounting entities preparing the F/S and for the accounting entities not preparing the F/S. The relevant requirements of the state reporting, of the EU reporting and of the financial statements preparation within the financial and fiscal reporting framework are reflected in these handbooks. They are reflected also in

- the consolidation pack that defines the reported data specifically from the point of view of these requirements,
- the design of processes of consolidation pack collection and using it for preparing the consolidated F/S and finally the summary F/S of the public administration, with focus on using the synergies of the financial and fiscal reporting. The design of processes is described in the process handbooks for consolidation.

4. Tested and implemented new framework of fiscal and financial reporting and reports - substituted

This Project result was to be delivered by the activity 10 per the Activity Plan, see section 5. Due to delay in the legislation passing process, it was not possible to carry-out this activity and it was replaced by a new one. We present the results of the new activity as results 4b.1 až 4b.3 and we analyse below the way they were reached.

4b.1 Draft of a new structure of the closing account of the State - completed

The Project team prepared the draft of a new structure of the closing account of the public administration. In this document, the details on transition from the current structure to the new one were elaborated. We expand on this in section **Error! Reference source not found..**

4b.2 Concrete recommendations for improving work organisation during summarising and processing ESA95 and GFSM2001 statements - completed

Our recommendations for improving work organisation during summarising and processing ESA95 and GFSM2001 statements were focused on using synergies of financial and fiscal reporting, assuming that increased quality and availability of accounting data would contribute to quality of fiscal reports. We identified 3 main synergies:

- common use for both financial and fiscal reporting of those accounting data that are input for both of them,
- use of activities carried-out within the accounting consolidation for the benefit of the fiscal consolidation,

- use of the same data collection system and of the common information system both for the financial and for fiscal reporting (IS JÚŠ).

The processes of the financial and fiscal consolidation were designed and described in the process handbooks for consolidation in the way fully exploiting all the synergies. We describe this are in more detail in section 2.3.

4b.3 Concrete recommendations for improving work organisation during preparing the consolidated financial statements for the budgetary chapters administered by the MF SR - completed

The MF SR prepared its consolidated F/S for the administered budgetary chapters within pilot consolidation project. This pilot consolidation project served, except for other, as a source of ideas for designing the new accounting consolidation process. The Project team provided assistance within this pilot project, as described in the Report on pilot consolidation.

The work organisation within the new process of preparing the consolidated F/S will be governed by the process handbooks for consolidation. These represent, from this point of view, concrete recommendations for what the work organisation should be. This will apply also for preparing the consolidated F/S for the budgetary chapters administered by the MF SR.

5. Submitted working draft of relevant procedures of the MF SR, operating guidelines and regulations for fiscal and financial reporting framework and reports - completed

Elaborating of working draft of relevant procedures of the MF SR, operating guidelines and regulations for fiscal and financial reporting framework and reports was described above within analysis of completion of the goal 1.4. These documents were submitted to the MF SR for commenting and having processed the received comments, the documents met the needs of the MF SR in administering the future process of financial and fiscal reporting.

6. Accountants of state administration and local self-administration (or other relevant governmental institutions), in the number of approximately 3000 persons, trained in using the new fiscal and financial reporting framework, and consolidation pack - completed

We documented completion of this goal within the analysis of completion of the goal 1.5.

1.3 Project strengths and weaknesses

We have identified the following Project strengths:

1. Clear understanding of the need for transition to the accrual accounting on part of the Project management;
2. Strong commitment to implement the new accounting methodology;
3. Powerful internal project sponsor on part of the MF SR;
4. High expertise of the Project team;
5. Open working atmosphere in the team orientated on results, facilitated by appropriate formal and informal communication and by the Project management.

During the training of the Project, it was necessary to tackle the following Project weaknesses:

1. Inability to sufficiently speed-up the broader process of passing the legislation in Slovakia,
2. In some areas, too broad project focus.

It was possible to reach the Project objectives primarily thanks to strong support for Project on part of the MF SR. This support could be used in communication about the Project to involved entities and to improve in this way the overall Project acceptance. In this way, the risk of resistance to Project was eliminated, that had been identified in the Inception report.

The Project weaknesses materialised in the situation where some expected Project results could not be achieved. This happened due to the Project risk that had been identified in the Inception report, namely the risk of delayed publishing the new accounting methodology. The Project team could influence the publishing date in the only way - by timely submitting all documentation for the legislation passing process, which had been done. However, since the publishing date was postponed despite that, it was necessary to postpone launching the new system of accrual accounting for 1 year. Consequently, launch of accounting consolidation was postponed for 1 year too.

The too broad Project focus related to the IT/IS area. Among the scenarios of developing an accounting IS, there was one involving creation of centralised accounting system of the public administration, including its development, testing, launch and migration. This scenario proved itself non-realistic due to existing heterogeneity of ISs in public administration, and in result of that, complicated execution of this scenario exceeding competences of the Project sponsor. At the same time, the centralised accounting system was not necessary to reach other Project objectives, i.e. to launch the new accounting methodology and to train involved accountants. The Project team therefore focused on reaching the reachable and equally important, i.e. creating the common database of the state reporting.

The last but not least, the risk of insufficient administrative capacity of the MF SR to control the change had been identified in the Inception report. This risk was addressed by organisational changes within the Section of the state reporting, especially by creating a new consolidation division. It is necessary to point-out here that staffing of this division has not been completed yet. This issue is discussed within the long-term plan and sustainability in section 4.4.4. There is especially a need to provide for a consolidation help-desk, for administrative capacity to manage the consolidation process and to prepare the summary financial statements of the public administration.

2 Overview of Project results per workgroups

The workgroups had been defined in the Inception report in order to cover all the expected Project results by individual key experts according to their competences:

Workgroup	Leader
Accounting	Ivan Kupkovič
Consolidation	Richard Farkaš
Fiscal reporting	Viliam Kitta
Organisation	Karim Mouedden / Tomáš Kuča / Hans Vergehen
Information technologies	Viliam Kitta

Workgroup	Leader
Training	Antónia Kovalčíková
Communication	Richard Farkaš
Project coordination	Alena Šranková / Martin Dubeň

We provide below the overview of the reached Project results per the defined workgroups.

2.1 Accounting

2.1.1 Analysis of current status of financial reporting in the public sector

The following legislation regulates the current system of financial reporting of the public sector entities covered by this project (budgetary and contributory organisations, municipalities, higher territorial units and state funds):

- Act No. 523/2004 Coll. on Budgetary Rules of the Public Administration;
- Act No. 583/2004 Coll. on Budgetary Rules of the Territorial Self-Government;
- Act No. 291/2002 Coll. on The State Treasury;
- Act No. 431/2002 Coll. on Accounting;
- Act No. 502/2001 Coll. on Financial Control and Internal Audit and on Changes and Amendments to Some Acts;
- Decree of the MF SR of 8 December 2004 No. 11251/2004-42, stipulating details on financial performance of budgetary and contributory organisations, which amends Decree of the MF SR of 25 February 2004 No. 2252/2004-44;
- Measure of the MF SR No. 1407/2003-92 stipulating details on the structure, designation and contents of individual items of the financial statements, deadlines for and place of submitting the financial statements for budgetary organisations, state funds, municipalities, contributory organisations and higher territorial units and some other legal entities, the main activity of which is not a business;
- Measure of the MF SR No. 24501/2003-92, stipulating details on accounting procedures and framework chart of accounts for budgetary organisations, state funds, municipalities, contributory organisations and higher territorial units.

So far, the accrual principle has been applied to a different extent by only some public sector entities and only in some areas, dependent on the type of the accounting entity.

For better understanding of the current status, the strengths and weaknesses of the accounting procedures and accounting statements of the public sector entities, we have split these entities into three categories:

- Budgetary organisations;
- Municipalities and higher territorial units; and

- Contributory organisations.

Within these three groups we have focused on the following five key accounting areas:

- Determining the result of operations, accounting for the incomes and expenses;
- Accounting for the transfers;
- Recognising own sources of assets coverage;
- Accounting for the non-current assets; and
- Financial statements.

2.1.1.1 Budgetary organizations

A budgetary organization is a legal person of the state, municipality or higher territorial unit, which is connected to the state budget, municipality budget or higher territorial unit budget through its receipts and payments. It operates independently based on an approved budget. Budgetary organizations are established to fulfill various social, non-production functions and they have a different profile and specialization, which is based on the intention of their founder, e.g. management of the economy, culture, social and administration tasks.

Accounting by the budgetary organization

Budgetary organizations manage budgeted funds and funds received from other entities, and prepare a budget of receipts and payments.

According to the Act on Accounting, budgetary organizations must keep their accounts using the double-entry bookkeeping system.

Determination of the result for the period, accounting for expenses and revenues

The budgetary organization primarily ensures the monitoring of budget fulfillment. Specifically, it accounts for actual budgetary payments and actual budgetary receipts. The accounting represents the basis for the financial and fiscal statements on budgetary payments and budgetary receipts, which in turn establishes the basis for control over budget fulfillment.

The budgetary organization does not account for revenues, it only accounts for and reports defined expenses. The creation, use and release of provisions, as well as the recording of accruals, deferred expenses and revenues is not performed by the budgetary organizations.

Budgetary receipts are divided into collected budgetary receipts and accounted budgetary receipts. These items are recognized during the financial year as balance sheet items.

At the balance sheet date, closing balances of payments, given transfers and expenses are accounted for on the Balance of budgetary payments and expenses. Closing balances of the collected and accounted receipts are accounted for on the Balance of budgetary receipts and revenues. Closing balances of these two budgetary balances are finally disclosed in the balance sheet as the result for the period. In addition to these two balances, the result of the period also includes the result from business activities, if the entity performs such activities.

Consequently the receipts and payments are accounted for separately in the accounting by the budgetary organization. Receipts and payments are not compared, and the budgetary result for the period is not calculated by a comparison of receipts and payments.

Although the above described balances are disclosed in the balance sheet as the result for the period, in fact, they do not reflect the actual financial result for the period of the budgetary organization, but provide answers to the following questions:

- whether all components of current assets acquired for the main activities (mostly material), paid from budgetary payment accounts, were actually consumed until the balance sheet date (i.e. they were recognized as expenses of the budgetary organization) or sold (i.e. they were accounted for on the specific account of the budgetary organization),
- whether all recognized expenses, which were supposed to be paid from the budgetary payment account, have already been paid, and subsequently the expenses are matched to budgetary payments,
- whether all prepayments to employees for business trips and for minor purchases were recognized in the relevant period,
- whether all accounted budgetary receipts (approved receipts, budgetary receipts claims) were actually collected and
 - in budgetary organizations linked to the state budget, accumulated on budgetary receipt accounts;
 - in budgetary organizations linked to municipality budget or higher territorial unit budget, accumulated on the budgetary receipt accounts and subsequently transferred from this account to the municipality or higher territorial unit account.

Accounting for transfers

We understand the term “transfers” to comprise mostly contributions to the contributory organizations, state funds, transfers to civic associations and foundations, grants to non-financial entities (legal or natural person – entrepreneur), operational transfers on different levels and operational transfers to international organizations.

These transfers are recorded on a separate account during the year, but are transferred to the Balance of budgetary payments and expenses at the period-end balance sheet date. These transfers, irrespective of whether the transferee is an own entity (e.g. own contributory organization) or a third party (e.g. entrepreneur), or whether it is an operational or capital transfer, are recorded on the Balance of budgetary payments and expenses, but are not recognized concurrently as expenses.

Reporting of net assets

Net assets in a budgetary organization comprise the following items:

- Funds of the accounting unit and Special funds of the accounting unit (specifically, the non-current assets fund and current assets fund)
- Result for the period (described above)

- Funding sources of budgetary funds resources (which are disclosed in the balance sheet prepared during the financial year and represent mainly the relations from budgetary management).

Accounting for non-current assets

The acquisition of non-current assets is credited to the account “non-current assets fund”, which is part of net assets, irrespective of the manner of acquisition, i.e. free of charge or via purchase, and which entity it was acquired from

Depreciation of non-current term assets has no impact on the budgetary organizations’ result for the period from main activities. Although the depreciation expense is recorded indirectly through accumulated depreciation, a decrease in the non-current assets fund is recorded concurrently. This transaction is disclosed in the balance sheet as a decrease in the non-current assets fund and an increase in the funding of the budgetary organization’s payments.

Financial statements

According to the Act on Accounting, budgetary organizations must prepare financial statements which consist of a balance sheet, income statement and notes to the financial statements.

The budgetary organizations present defined assets and defined items of net assets and liabilities in prescribed format in the balance sheet, as set by the Regulation of the MF SR.

Although the income statements consist of three parts, budgetary organizations prepare only the first two parts, as follows:

- part A – Income statement, where expenses, revenues and result for the period from business activities are disclosed in the prescribed format “before taxation” and “after taxation”, when the budgetary organization conducts also business activities,
- part B – Budgetary organization’s expenses, in which expenses of the budgetary organization for the main activities are disclosed in prescribed format.

2.1.1.2 Municipalities and Higher territorial units

Municipalities and higher territorial units (self-governing regions) are legal persons established according to special acts.

A municipality is defined by the Act as an independent self-governing unit of the Slovak Republic, which, under the rules set by the Act, independently governs its own property and its own income. In this respect, the municipality cannot be perceived as a budgetary organization, even though its management is based on the budget. In contrast to a budgetary organization, the municipality’s budget is self-prepared and approved and it possesses its own property which is governed by its own decisions.

Similarly, the higher territorial unit is a legal person, which, under the rules set by the Act, independently governs its own property and its own income, providing and securing the rights and interests of its inhabitants. As with the municipality, the higher territorial unit also cannot be perceived as a budgetary organization.

Accounting of the municipalities and higher territorial units

The main instrument of financial management of the municipalities and higher territorial units is their budget. In accordance with the Act on Accounting, the municipalities and higher territorial units must keep their accounts using the double-entry bookkeeping system.

Determination of the result for the period, accounting for expenses and revenues

The municipalities and higher territorial units account for actual budgetary payments and actual budgetary receipts. The accounting represents the basis for the fiscal statements on budgetary payments and budgetary receipts in prescribed format – by budgetary classification and by other groupings, providing the basis for further budgetary control of the municipality or higher territorial unit. Likewise, the municipalities must account for movements in assets and net assets in prescribed format, determining the result for the period by comparing budgetary receipts and budgetary payments of the municipality.

The primary function of the municipality and higher territorial unit is the monitoring and control of budget fulfillment. Revenues are not recognized by them; they account for and report defined expenses. The creation, use and release of provisions, as well as the recording of accruals, deferred expenses and revenues is not performed by municipalities and higher territorial units. This is similar to the budgetary organizations.

Budgetary receipts are classified into collected budgetary receipts and accounted budgetary receipts, which are disclosed as balance sheet items during the financial year.

The municipalities and higher territorial units determine their result for the period, which might be a surplus or deficit (i.e. positive or negative difference between receipts of the municipality or higher territorial unit and payments of the municipality or higher territorial unit), using the cash basis of accounting. The surplus or deficit is determined on a separate account as part of the fiscal closing process and is disclosed separately on the face of the balance sheet as part of the budgetary result for the period.

Other balance sheet items disclosed under the result for the period include the Balance of budgetary payments and expenses and the Balance of budgetary receipts and revenues, together with the result for the period from business activities. Similarly to budgetary organizations, these balances do not present the result for the period of the municipality or higher territorial units. By including these balances with the budgetary result for the period, a modified result for the period can be determined, which does not reflect all relevant expenses of the municipality or higher territorial unit, impact of capital expenditures and depreciation expenses. It also includes payments relating to the financing of budgetary and contributory organizations established by the municipality or higher territorial unit, together with other provided transfers.

The impact of capital expenditures and depreciation expenses is reflected in the Non-current assets fund as a separate item of net assets.

Accounting for transfers

As with budgetary organizations, transfers in municipalities and higher territorial units, are recorded on a separate account during the year, but are transferred to the Balance of budgetary payments and expenses at the balance sheet date. These transfers, irrespective of whether the transferee is an own entity (e.g. own contributory organization) or a third party (e.g.

entrepreneur), and whether it is an operational or capital transfer, are recorded in the same way and are disclosed on the Balance of budgetary payments and expenses (they are not recognized as expenses).

Reporting of net assets

The net assets in municipalities and higher territorial units comprise the following items:

- Funds of the accounting unit and Special funds of the accounting unit (specifically the non-current assets fund and current assets fund);
- Result for the period (as described above and it also includes the receipts and payments of the budgetary organizations established by the municipality together with provided transfers to the budgetary and contributory organizations established by the municipality);
- Funding sources of budgetary funds resources (which are disclosed in the balance sheet prepared during the financial year and represent mainly the relations from budgetary management).

Consequently, the result for the period, which is part of the net assets of municipalities and higher territorial units, also includes items related to the assets of budgetary and contributory organizations established by the municipalities.

Accounting for non-current assets

The accounting for long-term assets by municipalities and higher territorial units is principally similar to the accounting by budgetary organizations. Depreciation of non-current assets does not impact the result for the period from main activities. Depreciation expense is recognized by the municipality or higher territorial unit indirectly through accumulated depreciation, together with a decrease in the long-term assets fund. This is reflected in the balance sheet as a decrease in the non-current assets fund and an increase in the funding of payments.

Financial statements

The municipalities and higher territorial units prepare financial statements, comprising the balance sheet, income statement and notes to the financial statements.

These entities present defined assets and defined items of net assets and liabilities in prescribed format in the balance sheet, as set by the Regulation of the MF SR.

Although the income statements consist of three parts, municipalities and higher territorial units prepare only the first two parts, as follows:

- part A – Income statement, where expenses, revenues and result for the period from business activities are disclosed in prescribed format “before taxation” and “after taxation”, when municipality and higher territorial unit conduct also business activities,
- part B – Budgetary organization’s expenses, in which expenses for the main activity are disclosed in prescribed format, which is the budgetary management of municipalities and higher territorial units.

Although the municipalities and higher territorial units determine the result for the period, the financial statements do not include a separate statement which would present such result. Rather, it is included as part of the Statement of budget fulfillment and fulfillment of selected financial ratios of the municipality, higher territorial unit or budgetary organization in their control, which does not form part of the financial statements.

2.1.1.3 Contributory organizations

Contributory organizations provide services similar to those of budgetary organizations, and are compensated partially for such services. Contributory organizations are legal persons established by the state, municipality or higher territorial unit, where less than 50% of production expenses are covered by business revenues. They are linked to the state budget, municipality budget or higher territorial unit budget through the contribution. Contributory organizations must apply the financial rules set by their founder within its budget.

Accounting of the contributory organizations

According to the Act on Accounting, contributory organizations established by municipality or higher territorial unit, which do not conduct business activities and their yearly payments budget does not exceed SKK 500.000, can keep their accounts using the single-entry bookkeeping system. The contributory organization accounts for expenses and revenues (or for receipts and payments if using single-entry bookkeeping system) relating to its main activities and separately for its business activities.

Determination of the result for the period, accounting for expenses and revenues

As with budgetary organizations, municipalities and higher territorial units, contributory organizations recognize only defined expenses and revenues. In contrast to budgetary organizations, municipalities and higher territorial units, contributory organizations apply the accruals basis of accounting when recognizing expenses and revenues in their books. However, expenses and revenues do not include those related to the creation, use and release of provisions. Provisions are not recorded in a contributory organization's accounts.

Contributory organizations account for expenses and revenues as split into main and business activities. Received contributions for current payments are recognized as revenue, however the matching principle in respect of related expenses does not need to be applied. Contributions for the acquisition of non-current assets is recorded in net assets.

Contributory organizations determine the result for the period as the difference between their expenses and revenues. The result for the period is calculated on a separate account as a part of the book closing process, and is disclosed separately on the face of the balance sheet as part of the result for the period.

Accounting for transfers

According to fact that contributory organization can establish budgetary or contributory organization in rare cases only, the accounting for provided transfers has no content. Received transfers are accounted for as described above.

Reporting of net assets

Net assets of contributory organisations are represented by:

- Funds of the accounting entity and special funds of the accounting entity (specifically the long-term and current assets fund, reproduction fund, and reserve fund)
- Result for the period (described above).

Accounting for non-current assets

Accounting for non-current assets by contributory organizations differs somewhat in comparison with budgetary organizations, municipalities and higher territorial units. Contributions for acquisitions of long-term assets are recorded in net assets, specifically on the reproduction fund. After the capital expenditure is made, the relevant amount is derecognized from the reproduction fund and recorded into the long-term assets fund.

Self-constructed non-current assets are recognized in the books within revenues as “Capitalization of non-current assets”. Non-current assets acquired free of charge are credited to the long-term assets fund.

Depreciation expense is recorded, impacting the result for the period of the contributory organization, whereas the amount of depreciation expense is reflected in the transfer between the non-current assets fund and the reproduction fund.

Financial statements

Contributory organizations must prepare financial statements consisting of a balance sheet, income statement and notes to the financial statements (if using the double-entry bookkeeping system) or a Report on receipts and payments and a Report on assets and liabilities (if using the single-entry bookkeeping system).

Contributory organizations present defined assets and defined items of net assets and liabilities in prescribed format in the balance sheet, as set by the Regulation of the MF SR.

Although the income statement consists of three parts, contributory organizations prepare and present only the following two parts:

- part A – Income statement, where expenses, revenues and result for the period are disclosed in prescribed format “before taxation” and “after taxation” for the financial year, as split between main activities and business activities.
- part C – Revenues and production expenses of the contributory organization, where defined expenses and revenues of the contributory organization are disclosed in prescribed format.

2.1.1.4 Implementation of accrual accounting

At the inception of the project, the Provider’s workgroup became familiar with the applicable accounting methodology for budgetary organizations, contributory organizations, municipalities and higher territorial units, as well as with the proposed methodology within the extent of the Decree of the MF SR stipulating details on the accounting procedures and the framework chart of accounts for budgetary organizations, contributory organizations, state funds, municipalities

and higher territorial units; with the proposed contents of the financial statements and methodological instruction on the transition from the current accounting methodology to the proposed one.

The Slovak Ministry of Finance prepared a new methodology of accrual accounting by implementing the provisions of the International Public Sector Accounting Standards (IPSAS) in the proposed accounting procedures. The workgroup prepared a detailed analysis of differences between the proposed methodology and individual International Public sector Accounting Standards based on meetings with responsible MF SR personnel. Based on the analysis of variances prepared by the workgroup and included in the Interim Report 2 as Annex entitled: "Comments on the proposed new accounting procedures and financial statements structure", the variances have been classified into two categories:

- Variances that the workgroup recommends be incorporated in the proposed accounting procedures.
- Variances that the MF SR should address in a later period, when the accrual accounting had been implemented. These variances relate to procedures that are applied in both the public and private sectors, but predominantly in the business sector. Their incorporation in the proposed accounting procedures would lead to different accounting procedures for the public sector compared to those for businesses, which might result in their misunderstanding and inconsistent use.

In drafting the recommendations, the workgroup considered the strengths and weaknesses of the existing framework of fiscal and financial reporting. The report on the strengths and weaknesses of the existing framework of fiscal and financial reporting has been included in Interim Report 2.

In the following phases of the Project, the workgroup addressed specific issues of accounting for the transfers, considered several procedures for accounting and recognizing revenues from transfers, and considered accounting for the transfers in various types of organizations and presentation of the transfers, so that it could facilitate preparation of supporting material for the consolidated financial statements.

The workgroup concludes that MF SR has incorporated the comments on accounting for and recognizing transfers in the Decree of the Slovak Ministry of Finance of 8 August 2007, laying out the details on the accounting procedures and the framework chart of accounts for budgetary organizations, contributory organizations, state funds, municipalities and higher territorial units.

2.1.2 Evaluation of the accounting framework of the public finance after implementation of accrual accounting

When the Decree of the Slovak Ministry of Finance of 8 August 2007, laying out the details on the accounting procedures and the framework chart of accounts for budgetary organizations, contributory organizations, state funds, municipalities and higher territorial units had been issued (the Decree) the workgroup updated the report on differences between IPSAS and the published wording of the Decree. The report is attached hereto as Annex 0. The majority of workgroup's recommendations were accepted by the MF SR officials.

There still remain differences between the Decree adopted by the MF SR and the provisions of IPSAS. In general, IPSAS provides a more detailed description of accounting procedures in

some areas of the accounting (such as the manner of accounting for the valuation allowances for non-cash-flow-generating assets).

In the “Long Term Plan: section of this Final Report, the workgroup brings proposals for other harmonizations of the accounting methodology with IPSAS.

2.1.3 Vypracovanie Metodickéj príručky k opatreniu MF SR

The Methodological Handbook to the Decree of the Slovak Ministry of Finance of 8 August 2007, laying out the details on accounting procedures and the framework chart of accounts for budgetary organizations, contributory organizations, state funds, municipalities and higher territorial units, has been drafted so as to meet the following targets:

- to document the correlation between the provisions of the new procedures and the Accounting Act.
- to provide a detailed explanation of individual provisions of the new methodology and procedures,
- to summarise essential accounting transactions and their recognition.

2.1.4 Proposal for the new structure of public administration final account

The workgroup prepared a draft of the new structure of the public administration final account. We propose that the current structure of the public administration final account be continually adjusted by 2010, so that it eventually incorporates the accrual accounting information available in each accounting period.

We further propose that the financial situation and the result of operations of the public administration be presented in a new form of the public administration final account, to be composed of two parts:

- Budget performance (adjusted presentation of the results while maintaining its current content); and
- Annual report of the public sector.

2.2 Consolidation

In the area of consolidation, we concentrated on the pilot project of consolidation of the MF SR, preparing the consolidated balance sheet and consolidated income statement for the budgetary chapters of the MF SR and of the Public treasury management ("VPS") and of budgetary organizations as at 31 December 2006. The MF SR provided to us the balance sheets and the income statements for the these accounting entities. On this basis, the aggregated balance sheet and aggregated income statement were prepared and potential intra-group transactions were analysed. The draft of the confirmation letters was prepared and discussed, to be used by the accounting entities to confirm all intra-group transactions. As the process of balances confirmation does not exist within the state administration this moment, the accounting entities identified only the balances of receivables from and payables to the accounting entities defined for the pilot consolidation project of the MF SR. The accounting entities did not report all the balances in their balance sheets, i.e. they did not report e.g. balances on their bank

accounts in the State Treasury which was also a part of the MF SR consolidation project. However, this information was obtained from the State Treasury. No accounting entity provided us with the information about any intra-group expenses and revenues, even though we expected some intra-group transactions on the basis of the relationships analysis, e.g. interest income from the bank accounts opened in the State Treasury.

Based on the confirmation letters, the consolidated balance sheet and the consolidated income statement were prepared, however, they cannot be considered for accurate because of incomplete information.

We completed the draft of the consolidation package that included required information for the purpose of preparing the consolidated financial statements, summarised financial statements as well for the purpose of fiscal reporting, and which was amended according to the MF SR requirements. In parallel with completing the draft consolidation pack, the draft of the consolidation pack manual was also prepared and amended, to be used as an aid for filling-in the consolidation pack. Manual to the consolidation pack includes general instructions as well as specific explanations to particular tables, columns and rows. The last version was presented to the MF SR.

The methodical handbook for consolidation was also developed in the last phase of the project. The first chapter of this manual is the draft regulation on preparing the consolidated financial statements with comments. The next chapters deal with the overall view, structure of the consolidated financial statements, definition of the terms, principles of preparing the consolidated financial statements, the ways of including accounting entities into the consolidation, consolidation technique as well as with the full-consolidation method, proportional consolidation method and equity method. The last chapter of the handbook provides five examples dealing with transfer consolidation, full-consolidation method and equity method.

In the future, publishing of the regulation on preparing the consolidated financial statements as well as of the methodological handbook, consolidation pack and of the manual to the consolidation pack it is expected. They should be subject to further improvements according to the additional requirements identified in actual use.

The MF SR expects step-wise inclusion of further entities that have been temporarily excluded from the consolidation, e.g. Social insurance agency, universities and others.

2.3 Fiscal reporting

As a part of addressing the fiscal reporting process, we mapped in the Progress report 1 the design of the as-is process, including all sources of input data, outputs, responsibilities for activities and activities timing. We analysed in detail strengths and weaknesses of this process in the Report on strengths and weaknesses of the existing financial and fiscal reporting framework. In the Progress reports 2-4 we documented our analysis of opportunities to improve the fiscal reporting process. On the basis of this analysis we elaborated recommendations for improvements focusing on using synergies of the financial and fiscal reporting, assuming that increased quality and availability of accounting data would contribute to quality of fiscal reports. We identified 3 main synergies:

- common use for both financial and fiscal reporting of those accounting data that are input for both of them,

- use of activities carried-out within the accounting consolidation for the benefit of the fiscal consolidation,
- use of the same data collection system and of the common information system both for the financial and for fiscal reporting (IS JÚŠ).

2.3.1 Common use of accounting data for both financial and fiscal reporting

The accounting records can be a significant administrative source of data for the fiscal reporting on condition that the contents of the accounting data and the way they are reported are defined with respect to the fiscal reporting needs. We therefore divided the fiscal reporting needs into 2 areas on the basis of possibility to use the accounting records as the administrative data source:

- Areas of the fiscal reporting drawing directly from the accounting records.

For this area, we designed tables into the consolidation pack linked to the minimum chart of accounts from the aspect of the financial reporting. It stems from the framework chart of accounts for the budgetary organisation, contributory organisations, state funds, municipalities and local governments, however, it is expanded by analytical accounts needed to provide direct links between input fields of tables and chart of accounts. This is not a sample chart of accounts, since the accounting entities do not have to mechanically take over the structure of the minimum chart of accounts. Instead, they can obtain data needed to fill-in particular fields in tables from suitably structured analytical records, e.g. from suitably structured subledgers. The minimum chart of accounts can therefore be understood also as a guideline for automation of uploading the tables in the consolidation pack in the sense that if accounting entities provide in their ISs for outputs in the format of the minimum chart of accounts, it will then be simple to upload from there the consolidation pack tables related to the fiscal reporting. In this way, the requirement for output of the workgroup for IS was met that was formulated as defining the information requirements of the financial and fiscal reporting for the purpose of creating the common database of the state reporting. We expand on this in section 2.5.

- Areas of the fiscal reporting without direct underlying data in the accounting records.

In these areas, the tables have a character of statistical investigation. These are e.g. tables for sectoral split of transactions and balances of financial assets and financial liabilities Fin FAP 5 - 04 a Fin FAP 6 - 01. Also such tables became the part of the consolidation pack for sake of unifying the process of financial and fiscal reporting, which was based on the Project team decision, that this solution will be the optimum one, even after considering the fact that the consolidation pack will be prepared at the end of the accounting year while the fiscal reporting requires quarterly submission of reports. This quarterly reporting will be addressed by a separate MF SR regulation defining those consolidation pack tables that the accounting entities will be obliged to prepare quarterly and send in the routine way as defined for the consolidation pack.

2.3.2 Using activities carried-out within the accounting consolidation for the benefit of the fiscal consolidation

In analysing this area, we started from the fact that the key tasks in the fiscal reporting are:

- reporting the fiscal position of the general government sector per the ESA95 methodology,

- preparing the consolidated fiscal statements (balance sheet and income statement) per the GFSM2001 methodology.

The both methodologies stem from the UN methodology for macroeconomic reporting SNA93 that is based on the accrual principle. Without applying the accrual principle in the accounting it is not possible to use accounting outputs for the fiscal reporting. Thorough applying of the accrual principle is therefore necessary in preparing both non-consolidated and consolidated financial statements.

The GFSM2001 methodology requires "consolidated" reporting of statistical sectors which is understood as elimination of transactions within one statistical sector. Even though the accounting consolidation follows the control principle that leads to a different definition of the whole of government for preparation of the summary F/S of the public administration ("SÚZVS"), it is still possible to use activities within the accounting consolidation to improve the quality of the statistical consolidation. This involves primarily confirmation of balances and transactions between entities included into the accounting consolidation. That is because the statistical general government sector is always a subset of the whole of government in preparing the SÚZVS. Should there remain an uncleared confirmation difference within the accounting consolidation, correct elimination would not be possible in the statistical consolidation too.

Having assessed opportunities identified to use activities carried-out within the accounting consolidation also to facilitate the fiscal consolidation, we incorporated them into the design of consolidation processes that were described in the process handbooks for the organiser of the consolidation, for accounting entities preparing consolidated F/S and for accounting entities not preparing consolidated F/S. They relate to procedures for confirmation of balances and transactions using the defined global master list of entities involved in the accounting consolidation, including procedures to maintain this master list.

2.3.3 Using the same data collection system and of IS JÚŠ

Another significant synergy is to use the same data collection system where using the common IS for both the financial and fiscal reporting is expected. If procedures are formalised to ensure collection of financial statements and consolidation packs via IS JÚŠ under the control of the organiser of the accounting consolidation, then availability of input data for the statistical consolidation is provided for, and in broader sense, of all routine data for the fiscal reporting.

IS JÚŠ is not meant only to collect the input data but also to maintain them in the form of database, to process them including recording consolidation entries at the top level of the consolidation, and to provide outputs. We assume that use of such a system should be very beneficial for both the financial and fiscal reporting. It was our task to analyse the information requirements for the database maintained within IS JÚŠ. We describe our activities in this area in section 2.5.

2.3.4 Concrete recommendations for improving work organisation during summarising and processing ESA95 and GFSM2001 statements

As we already stated in section 1.2 while analysing completion of the goal 4b.2, our recommendations for improving work organisation during summarising and processing ESA95 and GFSM2001 statements were focused on using the synergies of financial and fiscal reporting, assuming that increased quality and availability of accounting data would contribute

to quality of fiscal reports. The processes of the financial and fiscal consolidation were designed and described in the process handbooks for consolidation in the way to fully exploit all the synergies.

Our recommendations included in the process handbooks do not directly relate to the activities of the Department for implementation of statistical standards. Elaboration of such recommendations would be connected with providing assistance directly in preparing fiscal statements for 2006 as defined in the activity 9(new), see section 5. Due to the fact that providing of such an assistance was not needed, no concrete opportunities to improve work organisation in preparing these reports were identified. This led to savings in time needed to deliver Project outputs of the workgroup for fiscal reporting. This circumstance was commented also in the financial report in section 6.

2.4 Organisation

During previous periods, activities relating to the organization were aimed particularly at analyzing existing status of fiscal and financial reporting processes. Mapped processes of fiscal and financial reporting in the form of process models as well as their strengths and weaknesses were included in Interim Report 2.

Based on performed analyses as well as methodological assumptions and deliverables of the workgroups: Consolidation and Fiscal reporting (Methodological Handbook on Consolidation, Consolidation package), we proposed new systems of financial and fiscal reporting focused on the process of submitting information and preparation of the statements. The final product is attached hereto in the form of process handbooks for the organizer of consolidation, for the accounting entities that prepare consolidated financial statements and for the accounting entities that do not prepare consolidated financial statements.

The process handbook lists the sub-processes connected with overall realization of the process of fiscal and financial reporting. The handbook encompasses the overall project RRVF and considers activities and outputs of other workgroups. Proposed processes include areas such as:

- Implementation of fiscal and financial reporting processes;
- Implementation of consolidation in the existing fiscal reporting processes;
- Preparation and submission of data for all entities subject to the public administration reporting; and
- Preparation of required fiscal and financial reporting statements.

Within the sub-processes the manual describes how the outputs of the project, including the consolidation package which is also a product of analysis of information requirements for the unified database for the financial and fiscal reporting processes.

The process handbook also serves as a set of operational procedures for the fiscal and financial reporting processes and outlines other obligations and responsibilities for all public sector entities, thus setting a competence framework of fiscal and financial reporting processes: from the process organization to the assignment of responsibilities for individual sub-processes.

2.5 Information technology

Any analysis in the IT area starts from documenting the existing information systems and processes. On the basis of instruction from the Project management, our understanding of IT processes and IS was formulated only for internal need of the Project team and it did not become a separate Project output. Due to detailed knowledge of the Project management about the situation in the IT area, such output would not have sufficient added value for the Project management. From the same reason, a separate analysis of strengths and weaknesses in the IT area was not prepared. In the perception of the Project management, the maturity of IT and IS at the MF SR exceeds the maturity of other organisations of public administration. The risky areas are located outside the MF SR, especially in smaller budgetary or contributory organisations of state-administration and self-administration that often use outdated accounting solutions, e.g. on DOS platform, without capability to set up sufficient logical security and connectivity.

Our work focused on analysing information requirements for the common database of the financial and fiscal reporting. The starting point of this analysis was to design a new process of financial and fiscal reporting, which was the output of the workgroup Organisation and Fiscal reporting. The consolidation pack described closer in section 2.2 is the underlying information basis of this process. It includes non-consolidated or consolidated financial statements of the reporting entity, tables needed for the accounting consolidation at the next level and tables for the fiscal reporting. Each field with data in particular statements or tables of the consolidation pack represents a field in the common database of the financial and fiscal reporting. Uploading of this database is ensured by electronic sending of the consolidation packs.

The consolidation pack includes the minimum chart of accounts. This chart of accounts is elaborated so that each data field of the consolidation pack, if possible, refers to or includes a formula with reference to the items of the minimum chart of accounts. This gives space to incorporate logical checks into the reporting module of ISJÚŠ in future.

The minimum chart of accounts is not a sample chart of accounts, as we explain in section 2.3.1. From the point of view of automation of the consolidation process we understand it as a starting point for automation of uploading tables for fiscal reporting in the consolidation pack. If accounting entities ensure an output from their ISs in the format of the minimum chart of accounts, it will then be simple to upload the from there the tables of the consolidation pack defined for the fiscal reporting. However, this procedure is not binding so far, i.e. the accounting entities are required to fill-in fields in the statements and tables of the consolidation pack. Should the logical checks be applied in the full extent, it is necessary for the accounting entities to fill-in directly the minimum chart of accounts.

Among the considerations in creating the common database was one on a level of detail. It holds that at a higher level of detail, the consolidation process can be automated more and it can include more logical checks over the received information. The Project management made the decision that in the existing situation, the consolidation pack and the minimum chart of accounts included in it represent the maximum feasible level of detail of the common database.

The work of the IT workgroup should have included also testing and assistance with implementing new ISs supporting the financial and fiscal reporting. Due to the delay in passing necessary legislation, original activities 9 and 10 were substituted by new ones (see updated Activity plan, section 5). It was also not needed to involve this workgroup into the pilot consolidation project since the process of reporting and aggregating data has been mastered

from the technological point of view. This resulted into saving in time used to deliver outputs of this workgroup.

2.6 Training

As we already stated in section 1.2 while analysing completion of the goal 1.5, the following trainings were delivered within the Project:

- foundation training and
- continuation trainings.

The foundation training was delivered into 2 parts:

- a) foundation of accrual accounting and
- b) accounting of the state and of the self-administration per the IPSAS principles.

The continuation trainings were divided into 3 parts:

- a) consolidation pack,
- b) consolidated financial statements and
- c) IPSAS.

Altogether for all training types, 5470 trainees were trained, as follows from the table below:

Training	Training runs	Number of trainees
Foundation of accrual accounting	10	2054
Accounting of the state and of the self-administration per the IPSAS principles	75	2891
Consolidation pack	20	638
Consolidated financial statements	1	16
IPSAS	1	28
	107	5627

It was the project result 6, see section 1.2, to train approximately 3000 persons in using the new fiscal and financial reporting framework, and the consolidation pack. As the table shows, this goal was exceeded but at the same time it can be assumed that a significant part of trainees in foundation of accrual accounting attended also the continuation trainings. It can be assumed as well that not all the trainees in continuation trainings attended the training in foundation of accrual accounting because it was not obligatory. We provide details to numbers of training runs, number of trainees and to evaluations in sections 2.6.1 - 2.6.6.

2.6.1 Foundation of accrual accounting

The training with the subject "Foundation of accrual accounting" was delivered as a 1-day training with the average number 200 trainees, in defined cities. Two training runs took place in each city, in compliance with the Inception report, in the period of August 2006 till October 2006, 10 runs in total. The trainings were lectured by doc. A. Kovalčíková, PhD. and Ing. A. Kordošová, PhD.

The elaborated contents of this training was specified into these topics: current state and development of accounting, essential methodological tools of accounting, generally accepted accounting principles, financial statements including cash flow statement, budgetary statements, international harmonisation of the accounting. The syllabus contents was as follows:

Topic	Contents
1.	State and development of accounting. General characteristics of accounting in context of its development. Essential concepts and relationships in accounting (accounting entities, scope, goal, functions of accounting, cash and double accounting systems, accounting periods). Legislative framework for accounting in Slovakia.
2.	Essential methodological tools of accounting. System of accounts in double accounting, accounting documents, physical and documentary counts of assets, liabilities, difference in assets and liabilities, accounting ledgers in double accounting system.
3.	Generally accepted accounting principles. Substance of generally accepted accounting principles and application of them in the act on accounting.
4.	Financial statements, notes and budgetary statements. Characteristics of financial statements - according to the valid legislation, approach. Component parts - general components, balance sheet, income statement, notes. Budgetary statements.
5.	Balance sheet, income statement and cash flow statement. Assets and sources of financing them. The substance of the balance sheet principle in accounting. The B/S - concept, contents and layout of B/S items. Movements in assets. The B/S in movement (typical changes in B/S items). Expenses, revenues and profit. Income statement - concept, contents and layout of I/S items. Incurring expenses and earning revenues, recognising them in the B/S and I/S. Determining and reporting profit in the accrual accounting system. Receipts and expenditures. Cash flows - substance. Relationship of B/S, I/S and cash-flow statement.
6.	International harmonisation of accounting. Harmonisation of accounting (objectives and directions - EU/EC directives, EU regulations related to IFRS, IFRS/IPSAS, US GAAP). IPSAS in process of international harmonisation of accounting.

2054 trainees of 1897 organisations attended this training.

2.6.2 Accounting of the state and of the self-administration per the IPSAS principles

Due to delay in legislation passing process for creation and passing the new accounting methodology, including new accounting procedures, new framework chart of accounts, financial statements and notes, the part 2 of the foundation training was called generally as "Accounting of the state and of the self-administration per the IPSAS principles". We remained at the concept of 3-day training for small groups of approximately 40 trainees. It was delivered in the split into homogeneous groups (state budgetary organisations, contributory organisations,

municipalities / local governments, budgetary organisations of municipalities / local governments).

The pilot 3-day training Accounting of the state and of the self-administration per the IPSAS principles was delivered on 11-15 December 2006 to the MF SR employees and selected guests (MF SR guests and other lecturers). The training was delivered by doc. Ing. A. Kovalčíková, PhD., Ing. Alena Kordošová, PhD. a Ing. Ivan Kupkovič, FCCA.

In compliance with the Inception report, 75 runs took place. They were delivered in the period of January 2007 to October 2007. The lecturers were doc. A. Kovalčíková, PhD., Ing. A. Kordošová, PhD., Ing. M. Brániková a Ing. T. Urbanová.

The training contents was split into 2 parts: explanation of solution to substantial issues in accounting with focused practical examples, and solution of a comprehensive example. Having elaborated the control test, the trainees obtained certificate of attendance.

The training material has 2 parts:

- Accounting of the state and of the self-administration per the IPSAS principles - Part I.
- Accounting of the state and of the self-administration per the IPSAS principles - Part II. – examples.

Actual contents of Part I:

1. Introduction
2. Financial statements and notes
3. Transfers
4. Framework chart of accounts for budgetary organisations, contributory organisations, municipalities and local governments
5. Specific accounting issues of budgetary organisations, contributory organisations, municipalities and local governments
6. Provisions to assets, creating, use and release
7. Intangible and tangible fixed assets
8. Inventories
9. Financial assets
10. Clearing relationships
11. Reserves
12. Equity
13. Expenses, revenues, profit
14. Accrued expenses and revenue

Part II was elaborated in 4 variants, focusing on particular groups of accounting entities, i.e. state budgetary organisations, budgetary organisations of municipalities / local governments, contribution organisations and municipalities / local governments.

Actual contents of Part II:

1. Focused examples to particular topics
2. Comprehensive example - case
3. Comprehensive example - solution

Overview of number of delivered training runs in the period of January 2007 to October 2007 per types of organisations:

Organisation type	Number of training runs
Municipality / local government	26
Budgetary organisation of municipality / local government	14
Contributory organisation	15
State budgetary organisation	20
Total number of training runs	75

Overview of number of delivered training runs in the period of January 2007 to October 2007 per months, lecturers, organisation types and training locations:

Month	Lecturer	Organisation type	Training location	Total
1.1.2007	doc. Ing. Antónia Kovalčíková, PhD.	State budgetary orgs	Košice	1
	Ing. Alena Kordošová, PhD.	State budgetary orgs	Banská Bystrica	1
			Košice	1
1.1.2007 Total				3
1.2.2007	doc. Ing. Antónia Kovalčíková, PhD.	State budgetary orgs	Nitra	1
			Žilina	1
	Ing. Alena Kordošová, PhD.	State budgetary orgs	Bratislava	1
			Žilina	1
	Ing. Mária Brániková	Municipalities / local governments	Bratislava	1
			Nitra	1
Ing. Terézia Urbanová	Municipalities / local governments	Banská Bystrica	1	
		Košice	1	
1.2.2007 Total				8
1.3.2007	doc. Ing. Antónia Kovalčíková, PhD.	Contributory organisations of state and of municipalities / local governments	Bratislava	1
		State budgetary orgs	Bratislava	1
	Ing. Alena Kordošová, PhD.	Contributory organisations of state and of municipalities / local governments	Nitra	1
		State budgetary orgs	Nitra	1
	Ing. Mária Brániková	Municipalities / local governments	Banská Bystrica	1
	Ing. Terézia Urbanová	Municipalities / local governments	Nitra	1
		Budgetary organisations of municipalities / local governments	Košice	1
	1.3.2007 Total			
1.4.2007	doc. Ing. Antónia Kovalčíková, PhD.	State budgetary orgs	Bratislava	1
	Ing. Alena Kordošová, PhD.	Contributory organisations of state and of municipalities / local governments	Bratislava	1
Ing. Mária Brániková	Municipalities / local governments	Bratislava	1	
		Nitra	1	

Month	Lecturer	Organisation type	Training location	Total
	Ing. Terézia Urbanová	Municipalities / local governments	Košice	1
			Žilina	1
1.4.2007 Total				6
1.5.2007	doc. Ing. Antónia Kovalčíková, PhD.	Contributory organisations of state and of municipalities / local governments	Banská Bystrica	1
			Košice	1
			Nitra	1
	Ing. Alena Kordošová, PhD.	Contributory organisations of state and of municipalities / local governments	Banská Bystrica	1
			Žilina	1
		State budgetary orgs	Bratislava	1
	Ing. Mária Brániková	Municipalities / local governments	Žilina	1
		Budgetary organisations of municipalities / local governments	Bratislava	1
		Nitra	1	
	Ing. Terézia Urbanová	Municipalities / local governments	Bratislava	1
		Budgetary organisations of municipalities / local governments	Košice	1
1.5.2007 Total				11
1.6.2007	doc. Ing. Antónia Kovalčíková, PhD.	State budgetary orgs	Bratislava	1
			Nitra	1
	Ing. Alena Kordošová, PhD.	State budgetary orgs	Bratislava	1
			Nitra	1
	Ing. Mária Brániková	Municipalities / local governments	Bratislava	1
			Nitra	1
	Ing. Terézia Urbanová	Municipalities / local governments	Bratislava	1
Košice			1	
	Budgetary organisations of municipalities / local governments	Bratislava	1	
1.6.2007 Total				9
1.7.2007	doc. Ing. Antónia Kovalčíková, PhD.	Contributory organisations of state and of municipalities / local governments	Bratislava	2
			Nitra	1
	Ing. Alena Kordošová, PhD.	State budgetary orgs	Bratislava	1
	Ing. Mária Brániková	Municipalities / local governments	Nitra	1

Month	Lecturer	Organisation type	Training location	Total
	Ing. Terézia Urbanová	Municipalities / local governments	Bratislava	1
		Budgetary organisations of municipalities / local governments	Bratislava	1
	1.7.2007 Total			
1.8.2007	doc. Ing. Antónia Kovalčíková, PhD.	State budgetary orgs	Bratislava	2
			Nitra	1
	Ing. Alena Kordošová, PhD.	Contributory organisations of state and of municipalities / local governments	Bratislava	2
			Nitra	1
	Ing. Mária Brániková	Budgetary organisations of municipalities / local governments	Nitra	1
			Žilina	1
	Ing. Terézia Urbanová	Municipalities / local governments	Bratislava	1
			Košice	1
Budgetary organisations of municipalities / local governments		Košice	1	
1.8.2007 Total				11
1.9.2007	doc. Ing. Antónia Kovalčíková, PhD.	State budgetary orgs	Bratislava	1
	Ing. Alena Kordošová, PhD.	Contributory organisations of state and of municipalities / local governments	Bratislava	1
	Ing. Mária Brániková	Municipalities / local governments	Bratislava	1
			Nitra	1
Žilina			1	
	Budgetary organisations of municipalities / local governments	Nitra	1	
Ing. Terézia Urbanová	Municipalities / local governments	Bratislava	1	
		Košice	1	
1.9.2007 Total				8
1.10.2007	Ing. Mária Brániková	Municipalities / local governments	Nitra	1
		Budgetary organisations of municipalities / local governments	Bratislava	1
			Nitra	1
	Ing. Terézia Urbanová	Budgetary organisations of municipalities / local	Bratislava	1

Month	Lecturer	Organisation type	Training location	Total
		governments	Košice	1
1.10.2007 Total				5
Grand total				75

Overview of number of trainees in the period of January 2007 to October 2007 per months, training times and lecturers:

Month	Time	Lecturer	Total
January 07	24.1. - 26.1.	doc. Ing. Antónia Kovalčíková, PhD.	40
		Ing. Alena Kordošová, PhD.	27
	31.1. - 2.2.	Ing. Alena Kordošová, PhD.	45
January 07 Total			112
February 07	07.2. - 9.2.	Ing. Alena Kordošová, PhD.	39
	12.2. - 14.2.	Ing. Terézia Urbanová	39
	14.2. - 16.2.	doc. Ing. Antónia Kovalčíková, PhD.	39
	19.2. - 21.2.	Ing. Mária Brániková	41
	21.2. - 23.2.	doc. Ing. Antónia Kovalčíková, PhD.	46
	26.2. - 28.2.	Ing. Mária Brániková	37
		Ing. Terézia Urbanová	36
	28.2. - 2.3.	Ing. Alena Kordošová, PhD.	37
February 07 Total			314
March 07	07.3. - 9.3.	Ing. Alena Kordošová, PhD.	38
	12.3. - 14.3.	Ing. Terézia Urbanová	39
	14.3. - 16.3.	doc. Ing. Antónia Kovalčíková, PhD.	40
	19.3. - 21.3.	Ing. Mária Brániková	40
	21.3. - 23.3.	doc. Ing. Antónia Kovalčíková, PhD.	40
	26.3. - 28.3.	Ing. Terézia Urbanová	40
	28.3. - 30.3.	Ing. Alena Kordošová, PhD.	29
March 07 Total			266
April 07	02.4. - 4.4.	Ing. Terézia Urbanová	41
	11.4. - 13.4.	Ing. Mária Brániková	39
	16.4. - 18.4.	Ing. Mária Brániková	33
		Ing. Terézia Urbanová	35
	18.4. - 20. 4.	Ing. Alena Kordošová, PhD.	33
	25.4. - 27.4.	doc. Ing. Antónia Kovalčíková, PhD.	41
April 07 Total			222
May 07	02.5. - 4.5.	doc. Ing. Antónia Kovalčíková, PhD.	37
	09.5. - 11.5.	doc. Ing. Antónia Kovalčíková, PhD.	38
		Ing. Alena Kordošová, PhD.	43
	14.5. - 16.5.	Ing. Mária Brániková	37
		Ing. Terézia Urbanová	46
	16.5 - 18.5.	Ing. Alena Kordošová, PhD.	38
	21.5. - 23.5.	Ing. Mária Brániková	42
	23.5. - 25.5.	doc. Ing. Antónia Kovalčíková, PhD.	35

Month	Time	Lecturer	Total
		Ing. Alena Kordošová, PhD.	40
	28.5. - 30.5.	Ing. Terézia Urbanová	43
	30.5. - 1.6.	Ing. Mária Brániková	40
May 07 Total			439
June 07	04.6. - 6.6.	Ing. Mária Brániková	42
	06.6. - 08.6.	doc. Ing. Antónia Kovalčíková, PhD.	39
	11.6. - 13.6.	Ing. Mária Brániková	39
		Ing. Terézia Urbanová	44
	18.6. - 20.6.	Ing. Terézia Urbanová	45
	20.6. - 22.6.	doc. Ing. Antónia Kovalčíková, PhD.	38
		Ing. Alena Kordošová, PhD.	41
25.6. – 27.6.	Ing. Terézia Urbanová	46	
27.6. - 29.6.	Ing. Alena Kordošová, PhD.	36	
June 07 Total			370
July 07	02.7. - 4.7.	Ing. Terézia Urbanová	40
	11.7. - 13.7.	doc. Ing. Antónia Kovalčíková, PhD.	26
	18.7. - 20.7.	doc. Ing. Antónia Kovalčíková, PhD.	16
		Ing. Alena Kordošová, PhD.	40
	23.7. - 25.7.	Ing. Mária Brániková	39
		Ing. Terézia Urbanová	46
25.7. - 27.7.	doc. Ing. Antónia Kovalčíková, PhD.	26	
July 07 Total			233
August 07	06.8. - 8.8.	Ing. Terézia Urbanová	44
	08.8. - 10.8.	doc. Ing. Antónia Kovalčíková, PhD.	40
		Ing. Alena Kordošová, PhD.	25
	13.8. - 15.8.	Ing. Terézia Urbanová	44
	15.8. - 17.8.	doc. Ing. Antónia Kovalčíková, PhD.	35
		Ing. Alena Kordošová, PhD.	36
		Ing. Mária Brániková	37
	20.8. - 22.8.	Ing. Mária Brániková	38
Ing. Terézia Urbanová		38	
22.8. - 24.8.	doc. Ing. Antónia Kovalčíková, PhD.	46	
	Ing. Alena Kordošová, PhD.	38	
August 07 Total			421
September 07	03.9. - 5.9.	Ing. Terézia Urbanová	36
	05.9. - 7.9.	Ing. Mária Brániková	38
	10.9. - 12.9.	Ing. Mária Brániková	41
	19.9. - 21.9.	doc. Ing. Antónia Kovalčíková, PhD.	41
		Ing. Alena Kordošová, PhD.	43
		Ing. Mária Brániková	41
	24.9. - 26.9.	Ing. Mária Brániková	38
Ing. Terézia Urbanová	41		
September 07 Total			319
October 07	01.10. - 3.10.	Ing. Mária Brániková	46
		Ing. Terézia Urbanová	31
	08.10. - 10.10.	Ing. Mária Brániková	39

Month	Time	Lecturer	Total
	15.10. - 17.10.	Ing. Terézia Urbanová	41
	17.10. - 19.10.	Ing. Mária Brániková	38
October 07 Total			195
Grand total			2891

2.6.3 Consolidation pack

The continuation training "Consolidation pack" was delivered as a 2-day training for groups of approximately 40 participants in defined cities, in the split into homogeneous groups (state-administration and self-administration). In compliance with the Inception report, 20 runs took place. They were delivered in the period of July 2007 to October 2007. The lecturers were Ing. R. Farkaš, PhD., Ing. I. Kupkovič, FCCA a Ing. K. Somogyiová, ACCA.

This training was focused on explanationsof consolidation procedures per IPSAS principles and of rules to fill-in the statements in the consolidation pack. The elaborated contents of this training was specified in the following topics: structure of consolidated F/S, definitions, principles in preparing the consolidated F/S, method of inclusion accounting entities into the consolidated F/S, consolidation technique, full-consolidation method, proportional consolidation method, equity method, consolidation pack. At training conclusion, examples were solved and trainees obtained attendance certificates on the basis of passing the control test.

Overview of number of delivered training runs in the period of July 2007 to October 2007 per months, lecturers, organisation types and training locations:

Month	Lecturer	Organisation type	Training location	Total
July	Ing. Richard Farkaš, PhD.	state-administration	Bratislava	1
	Ing. Ivan Kupkovič, FCCA	state-administration	Košice	1
July Total				2
August	Ing. Richard Farkaš, PhD.	state-administration	Banská Bystrica	1
			Bratislava	1
		territorial self-administration	Bratislava	1
			Košice	2
			Nitra	1
	Ing. Ivan Kupkovič, FCCA	territorial self-administration	Bratislava	1
			Žilina	1
August Total				8
September	Ing. Richard Farkaš, PhD.	state-administration	Bratislava	2
	Ing. Ivan Kupkovič, FCCA	territorial self-administration	Košice	1
	Ing. Katarína Somogyiová, ACCA	state-administration	Nitra	1
September Total				4
October	Ing. Richard Farkaš, PhD.	state-administration	Bratislava	1
	Ing. Ivan Kupkovič, FCCA	state-administration	Košice	1
	Ing. Katarína Somogyiová, ACCA	state-administration	Bratislava	2
			Košice	1

Month	Lecturer	Organisation type	Training location Žilina	Total
October Total				6
Grand total				20

Overview of number of trainees in the period of July 2007 to October 2007 per months, training times and lecturers:

Month	Time	Lecturer	Total
July	09.7. - 10.7.	Ing. Richard Farkaš, PhD.	30
	30.7. - 31.7.	Ing. Ivan Kupkovič, FCCA	38
July Total			68
August	06.8. - 7.8.	Ing. Ivan Kupkovič, FCCA	37
	09.8. - 10.8.	Ing. Richard Farkaš, PhD.	33
	13.8. - 14.8.	Ing. Richard Farkaš, PhD.	34
		Ing. Ivan Kupkovič, FCCA	34
	16.8. - 17.8.	Ing. Richard Farkaš, PhD.	35
	20.8. - 21.8.	Ing. Richard Farkaš, PhD.	26
	23.8. - 24.8.	Ing. Richard Farkaš, PhD.	29
	27.8. - 28.8.	Ing. Richard Farkaš, PhD.	44
August Total			272
September	24.9. - 25.9.	Ing. Ivan Kupkovič, FCCA	39
	27.9. - 28.9.	Ing. Richard Farkaš	17
		Ing. Katarína Somogyiová, ACCA	31
	12.9. - 13.9.	Ing. Richard Farkaš, PhD.	20
September Total			107
October	01.10. - 2.10.	Ing. Ivan Kupkovič, FCCA	31
		Ing. Katarína Somogyiová, ACCA	35
	08.10. - 9.10.	Ing. Katarína Somogyiová, ACCA	35
	04.10. - 5.10.	Ing. Richard Farkaš, PhD.	13
	15.10. - 16.10.	Ing. Katarína Somogyiová, ACCA	37
	22.10. - 23.10.	Ing. Katarína Somogyiová, ACCA	40
October Total			191
Grand total			638

2.6.4 Consolidated financial statements

The continuation training "Consolidated financial statements " was delivered as a 2-day training for trainees in Bratislava. In compliance with the Inception report, the training was delivered to those trainees who will be preparing fully-consolidated F/S. It took place in October 2007. The lecturer was Ing. R. Farkaš, PhD.

This training focused on repetition of consolidation procedures per IPSAS and on explanation of procedures in preparing the consolidated F/S of central state-administration as well as the summary F/S of public administration. More emphasis was given to solution of examples and to

specific issues that are likely to occur to entities preparing the consolidated F/S. The elaborated contents of this training was specified in the following topics: structure of consolidated F/S, definitions, principles in preparing consolidated F/S, method of inclusion accounting entities into the consolidated F/S, consolidation technique, full-consolidation method, proportional consolidation method, equity method, consolidation pack. The day 2 of the training was devoted to solving examples, including comprehensive example of step-wise consolidation or elimination of transfers in consolidated F/S of accounting entity of public administration, in the consolidated F/S of central state-administration and in the summary F/S of public administration. Trainees obtained attendance certificates on the basis of passing the control test.

Overview of the delivered training:

Month	Lecturer	Organisation type	Training location	Total
October	Ing. Richard Farkaš, PhD.	State-administration	Bratislava	1
October Total				1
Grand total				1

Overview of trainee number:

Month	Time	Lecturer	Trainee number
October	10.10. - 11.10.	Ing. Richard Farkaš, PhD.	16
October Total			16
Grand total			16

2.6.5 IPSAS

The continuation training " IPSAS " was delivered as a 2-day training for 28 participants in Bratislava. In compliance with the Inception report, the training was delivered primarily to those MF SR employees who will be dealing with accrual accounting framework or who will be using the new financial statements in significant extent. It took place in September 2007. The lecturer were Ing. I. Kupkovič, FCCA a Ing. K. Somogyiová, ACCA.

This training was focused on explaining IPSAS. The contents was specified as follows:

- Introduction
- IPSAS 1 Presentation of Financial Statements (aid: illustrative F/S prepared per IFRS) including IPSAS 24 Presentation of Budget Information in Financial Statements
- IPSAS 2 Cash Flow Statements
- IPSAS 19 Reserves
- IPSAS 17 Property, Plant and Equipment
- Accrual accounting for heritage assets
- IPSAS 13 Leasing
- IPSAS 16 Investment property
- IPSAS 21 Impairment of Non–Cash Generating Assets

- IPSAS 9 Revenue from Exchange Transactions including examples
- IPSAS 23 Revenue from Non-Exchange Transactions including examples
- IPSAS 15 Financial Instruments: Disclosure and Presentation
- IAS 39 Financial Instruments: Recognition and Measurement
- IPSAS 20 Related Party Disclosures
- IPSAS 12 Inventories
- IPSAS 3 Net Surplus or Deficit for the Period, Fundamental Errors and Changes in Accounting Policies
- IPSAS 4 The Effects of Changes in Foreign Exchange Rates
- Test
- IPSAS 5 Borrowing Costs
- IPSAS 14 Events After the Reporting Date
- IPSAS 18 Segment reporting
- Conclusion

Trainees obtained attendance certificates on the basis of passing the control test.

Overview of the delivered training:

Month	Lecturer	Organisation type	Training location	Total
September	Ing. Ivan Kupkovič, FCCA, Ing. Katarína Somogyiová, ACCA	štátna správa	Bratislava	1
September Total				1
Grand total				1

Overview of trainee number:

Month	Time	Lecturer	Trainee number
September	19.9. - 20.9.	Ing. Ivan Kupkovič, FCCA, Ing. Katarína Somogyiová, ACCA	28
September Total			28
Grand Total			28

2.6.6 Evaluation of trainings

The feedback from the participants was received by questionnaires with the following questions:

1. What was the expertise level of the information presented by the lecturers?
2. What was the level of the delivering the training contents?
3. What is the level of the training materials?
4. What was the level of the venue and technical equipment?

5. What was the level of the administrative preparation for the training?
6. What is the contribution of the training to your work?
7. What was the most interesting point of the training? Why?
8. What was the least interesting point of the training? Why?
9. Your additional opinions, comments and suggestions:

The questions 1 – 6 were evaluated by the grades: Low, Below-average, Average, Above-average, High. For the statistical evaluation purpose they were quantified as follows:

Narrative evaluation	Quantified evaluation
Low	1
Below-average	2
Average	3
Above-average	4
High	5

2.6.6.1 Foundation of accrual accounting

We calculated an arithmetical average weighted by number of responses for each evaluated venue and in total. The average number of responses and the average response rate were weighted by number of trainees. The first two runs in Košice of 16 August 2006 and 17 August 2006 were not evaluated.

Question	BA 29.9.	BA 6.10.	NR 20.9.	NR 21.9.	BB 6.9.	BB 7.9.	ZA 23.8.	ZA 24.8.	Average
1	4	4	4	4	4	4	4	4	4
2	5	4	4	4	4	3	5	4	4
3	4	4	4	4	4	3	4	4	4
4	5	5	5	5	5	4	5	5	5
5	5	5	4	4	4	3	4	4	4
6	5	5	5	5	5	4	5	5	5
Number of responses	40	29	68	84	55	27	53	87	56
Number of trainees	184	188	208	202	215	203	231	193	203
Return rate of the questionnaire	22%	15%	33%	42%	26%	13%	23%	45%	27%

Based on the returned questionnaires we could conclude the above-average or even high satisfaction level in all evaluated areas. In respect of not-returned questionnaires, we assumed that these participants were neither extremely satisfied nor extremely unsatisfied, i.e. their evaluations is assumed to be an average. Thus it was possible to assume in a simplified way that the most (around 60 up to 80 %) trainees were relatively satisfied by the training.

The overall evaluation:

The expertise level of the information

The most trainees evaluated the expertise level of the information delivered by lecturers at the average or high level. Many trainees were attracted by the fact that the training provided a synoptical view on particular relationships in laws and practice. Even though some of the trainees evaluated the delivered information as already familiar to them, they appreciated the

opportunity to revise the foundations and reassure themselves they were comfortable with them. There were some evaluations suggesting that the provided information was not needed because the trainees had already been familiar with the delivered topic. Since the training title made a clear statement on its contents, it was upon the consideration of the trainees to take or not to take part in this training. From the point of view of the Project, also these evaluations were counted for satisfactory because they provide an information on initial aptitude level of participants for the essential 3-day training.

The level of delivering the training contents

The evaluations were in the range from the average to the high level as well. Individual responses scaled from very positive opinions about the professional level of the lecturers up to disappointment with the monotone reading of the working materials.

The level of the training materials

It was evaluated mostly as high. The trainees appreciated that all topics were summarised in one training material, i.e. at one place; that it was possible all-the-time to make the notes into the material so that they could concentrate on presentations of lecturers. Opinions that the training material was unnecessarily extensive and detailed occurred only rarely.

The level of the venue and of technical equipment

It was evaluated mostly as average and it also earned the most comments in the second part of the questionnaire where the participants could write their opinions and comments. The negative evaluations referred for instance to sitting in the banks in the university classrooms.

The level of administrative preparation of the training

It was mostly evaluated as above-average and high. The most individual comments related to the location of the training. Many of the suggestions related to the three-day trainings organisation and mainly to the segregation of the trainees according the types of the organisation so that the trainees could attend the area in which they actually work. Three-days trainings were prepared in that way since the beginning of the Project. We appreciated that the trainees approved our original decision.

The contribution of the training to trainees' work

It was evaluated mostly as average. This evaluation related to the fact the training did not bring any new information to many trainees (in the first place to trainees from the contributory organisations) and it was rather a revision of their knowledge. Only some participants appreciated the training contribution not only to their current work but mainly for the future. During the presentations, the trainees would have appreciated more specific examples and demonstrations, more interactive approach and possibility to consult the cases from praxis. Unfortunately, due the selected type of the training with the large amount of the trainees, it was not possible to proceed in this way. This approach was applied for the 3-day trainings.

2.6.6.2 Accounting of the state and of the self-administration per the IPSAS principles

We provide the statistical evaluation of numerically answered questions in the table below:

Question Nr.	Question text	Evaluation						
		Low	Below-aver.	Average	Above-aver.	High	Not-responded	Responded
1	What was the expertise level of the information presented by the lecturers?	0	3	77	345	2074	9	2508
		0%	0%	3%	14%	83%	0%	
2	What was the level of the delivering the training contents?	2	5	172	506	1797	26	2508
		0%	0%	7%	20%	72%	1%	
3	What is the level of the training materials?	0	6	230	640	1597	35	2508
		0%	0%	9%	25%	64%	1%	
4	What was the level of the venue and technical equipment?	10	38	885	582	945	48	2508
		0%	2%	35%	23%	38%	2%	
5	What was the level of the administrative preparation for the trainings?	6	4	394	747	1318	39	2508
		0%	0%	16%	30%	52%	2%	
6	What is the contribution of the training to your work?	1	2	395	566	1483	61	2508
		0%	0%	16%	23%	59%	2%	

Summary of narrative answers:

Question 7: What was the most interesting point of the training? Why?

A positive evaluation was given to the subject topicality, aptitude of lecturers, way of delivery and level of training materials including examples. In responses related to understanding and identification with the new methodology, the trainees realised complexity of the new methodology but did not state unwillingness to apply it. We evaluated this positively from the point of view of Project results sustainability. There were also responses where the trainees would have preferred the old methodology. This kind of nostalgia is understandable because the old methodology orientation on compliance with regulations, without need of broader judgement application within principles, gave stronger feeling of certainty. This documents the need to maintain communication and to provide expert assistance in applying the new methodology.

Question 8: What was the least interesting point of the training? Why?

The most answers stated that the whole contents of training was interesting, however, the portion of those stating that some of the areas would not be used in practice was also significant. There were also opinions that training topic was too condensed. Occasionally, there were comments to venues, e.g. to desks, catering etc.

Question 9: Your additional opinions, comments and suggestions:

A number of trainees would appreciate an opportunity to repeat the training after getting first experience with the new methodology, or before preparing financial statements. Comments on overcondensing of syllabus into 3 days were repeating, the request for further examples from practice were frequent. There were also questions on relationship of the new methodology with the budgetary sphere, e.g. with budgetary statements, or with covering the fund of reproduction in contributory organisations. These questions are beyond the scope of the new methodology but they still point out at the need to coordinate the public finance reform with the budgetary sphere.

2.6.6.3 Consolidation pack

We provide the statistical evaluation of numerically answered questions in the table below:

Question Nr.	Question text	Evaluation						
		Low	Below-aver.	Average	Above-aver.	High	Not-responded	Responded
1	What was the expertise level of the information presented by the lecturers?	0	0	57	164	349	1	571
		0%	0%	10%	29%	61%	0%	
2	What was the level of the delivering the training contents?	0	0	86	187	290	8	571
		0%	0%	15%	33%	51%	1%	
3	What is the level of the training materials?	0	0	68	207	283	13	571
		0%	0%	12%	36%	50%	2%	
4	What was the level of the venue and technical equipment?	2	4	202	145	205	13	571
		0%	1%	35%	25%	36%	2%	
5	What was the level of the administrative preparation for the trainings?	0	0	105	191	261	14	571
		0%	0%	18%	33%	46%	2%	
6	What is the contribution of the training to your work?	4	2	170	157	213	25	571
		1%	0%	30%	27%	37%	4%	

Summary of narrative answers:

Question 7: What was the most interesting point of the training? Why?

Positive evaluations were obtained for lecturers and practical examples in training materials. Ability of lecturers to respond questions flexibly was appreciated. Number of comments stated that consolidation was a new element in public administration accounting, without complementary explanation whether this was perceived positively or negatively.

Question 8: What was the least interesting point of the training? Why?

A portion of trainees expressed no interest in the consolidation part since they will not be preparing consolidated F/S, only filling-in the consolidation pack. Despite that we hold for appropriate even for the accounting entities not preparing consolidated F/S to understand the context they will be filling-in their consolidation pack in. Some trainees did not appreciate the final test. Also in this case we believe that the test proved itself purposeful and it was a suitable component of the training.

Question. 9: Your additional opinions, comments and suggestions:

Number of trainees proposed to repeat foundation of accrual accounting in the introduction of the training. Contrary to that, some trainees found the syllabus too condensed, i.e. there would not be space for such a repetition. Number of trainees would welcome an opportunity to repeat this training at the time of preparing the consolidated F/S. There were also suggestions to split the training per organisation types.

2.6.6.4 Consolidated financial statements

We provide the statistical evaluation of numerically answered questions in the table below:

Question Nr.	Question text	Evaluation						
		Low	Below-aver.	Average	Above-aver.	High	Not-responded	Responded
1	What was the expertise level of the information presented by the lecturers?	0	0	0	2	9	0	11
		0%	0%	0%	18%	82%	0%	
2	What was the level of the delivering the training contents?	0	0	0	2	9	0	11
		0%	0%	0%	18%	82%	0%	
3	What is the level of the training materials?	0	0	0	2	8	1	11
		0%	0%	0%	18%	73%	9%	
4	What was the level of the venue and technical equipment?	0	0	1	5	5	0	11
		0%	0%	9%	45%	45%	0%	
5	What was the level of the administrative preparation for the trainings?	0	0	1	1	9	0	11
		0%	0%	9%	9%	82%	0%	
6	What is the contribution of the training to your work?	0	0	2	1	8	0	11
		0%	0%	18%	9%	73%	0%	

Summary of narrative answers:

Question 7: What was the most interesting point of the training? Why?

Appreciation was gained for examples from practice and attracting delivery.

Question 8: What was the least interesting point of the training? Why?

No such response was given.

Question. 9: Your additional opinions, comments and suggestions:

There was the only response suggesting that the training materials should include chart of accounts.

2.6.6.5 IPSAS

We provide the statistical evaluation of numerically answered questions in the table below:

Question Nr.	Question text	Evaluation						
		Low	Below-aver.	Average	Above-aver.	High	Not-responded	Responded
1	What was the expertise level of the information presented by the lecturers?	0	0	1	6	17	0	24
		0%	0%	4%	25%	71%	0%	
2	What was the level of the delivering the training contents?	0	0	3	8	13	0	24
		0%	0%	13%	33%	54%	0%	
3	What is the level of the training materials?	0	0	2	6	16	0	24
		0%	0%	8%	25%	67%	0%	
4	What was the level of the venue and technical equipment?	0	0	3	10	10	1	24
		0%	0%	13%	42%	42%	4%	
5	What was the level of the administrative preparation for the trainings?	0	0	3	7	14	0	24
		0%	0%	13%	29%	58%	0%	
6	What is the contribution of the	0	0	8	6	10	0	24

Question Nr.	Question text	Evaluation						
		Low	Below-aver.	Average	Above-aver.	High	Not-responded	Responded
	training to your work?	0%	0%	33%	25%	42%	0%	

Summary of narrative answers:

Question 7: What was the most interesting point of the training? Why?

Positive evaluations were obtained for lecturers, their aptitude and enthusiasm. The around-the-globe overview of the IPSAS implementation matter was attractive, as well as comparison with Slovak regulations, especially in the areas of leasing, derivatives and construction contracts.

Question 8: What was the least interesting point of the training? Why?

There were only 3 responses. The first one related to the final test. Similarly as with the training for the consolidation pack we believe that it proved itself purposeful and it was a suitable component of the training. The other respondents were not attracted by derivatives and definitions.

Question. 9: Your additional opinions, comments and suggestions:

The trainees suggested to repeat the training, to expand the part on reserves and to elaborate examples in more detail for better understanding.

2.6.6.6 *Summary evaluation of continuation trainings*

In the table below, we provide average evaluation of numerically answered questions weighted by number of trainees in particular trainings:

Question Nr.	Question text	Evaluation						
		Low	Below-aver.	Average	Above-aver.	High	Not-responded	Responded
1	What was the expertise level of the information presented by the lecturers?	0	3	135	517	2449	10	3114
		0%	0%	4%	17%	79%	0%	
2	What was the level of the delivering the training contents?	2	5	261	703	2109	34	3114
		0%	0%	8%	23%	68%	1%	
3	What is the level of the training materials?	0	6	300	855	1904	49	3114
		0%	0%	10%	27%	61%	2%	
4	What was the level of the venue and technical equipment?	12	42	1091	742	1165	62	3114
		0%	1%	35%	24%	37%	2%	
5	What was the level of the administrative preparation for the trainings?	6	4	503	946	1602	53	3114
		0%	0%	16%	30%	51%	2%	
6	What is the contribution of the training to your work?	5	4	575	730	1714	86	3114
		0%	0%	18%	23%	55%	3%	

It can be concluded from the summary:

1. The expertise level of the information presented by the lecturers was evaluated above-average or even high by 96% of of trainees. We take this for an excellent achievement not

only from the point of view of implementing the new accounting methodology but also contributing to the overall good publicity of public finance reform.

2. The level of the delivering the training contents was evaluated above-average or high by 91% of trainees. We made the same conclusion as for the question 1.
3. The level of the training materials was evaluated above-average or high by 88% of trainees. Also here we are satisfied with the result. We learnt from the narrative answers to the questions 7-9 that certain number of trainees would welcome more examples or deeper split per organisation types. This can be taken into account in future trainings.
4. The level of the venue and technical equipment was evaluated above-average or high by 61% of trainees. The existing physical level of venues used for education purposes was reflected here. In the narrative answers to the questions 7-9 some trainees commented on e.g. too much air-conditioning, windows that could not be open, narrow desks or missing catering. These aspects were to the significant extend outside the control of the Project team, in regard to the fact that trainings were delivered in all regional cities.
5. The level of the administrative preparation for the trainings was evaluated above-average or high by 81% of trainees which is again a very good result.
6. The contribution of trainings to work of trainees was evaluated above-average or high by 78% of trainees. This number indicates the need to continue the explanation campaign on public finance management reform, within that on changes in the accounting methodology and its impact on accounting entities so that understanding and acceptance by accounting entities be accepted.

The answers to the questions 7-9 expanded on the numerical evaluation of questions 1-6 and they were in consent with them. Also here, the lecturers and training materials were assessed positively, with pointing at the need for additional examples. In number of cases, the need for additional trainings was mentioned. Certain portion of trainees expressed a reserved attitude to the new methodology that results in the need for continuing communication, as we already stated in question 6.

2.7 Communication

Activities were or are performed within the workstream Communication in line with the Communication Strategy approved for the IPSAS Project. The overview is given below. By performing these activities, the representatives of public administration as well as the general public were made aware of the Project, its objectives and of the activities performed within the Project. Specialised articles published during the Project also contributed to increasing of awareness and of the professional aptitude of persons affected by the Project in the area of the IPSAS, as well as in the area of the adopted national accounting and reporting methodology for the public sector.

Completed and ongoing communication activities:

2.7.1 Letter of MF SR to the representatives of public administration authorities

In accordance with the approved communication strategy, the MF SR prepared and sent a letter to representatives of the public administration authorities at the beginning of June 2006 in which they were informed about the reform of reporting which is being prepared, the reasons and principles thereof, the time schedule for work on the reform, what it will mean for the affected public administration entities, as well as about the postponement by one year (1 January 2008) as opposed to the original plan of the Slovak Government.

2.7.2 Meeting with representatives of local self-administration

On 20 June 2006 a working meeting took place in the premises of the MF SR with the representatives of the MF SR, members of the Project team and organisations representing the self-administration authorities – The Union of Towns and Cities of Slovakia, The Association of Towns and Municipalities of Slovakia, and The Association of Municipal Finance Officers of the Slovak Republic. The participants agreed that the meeting achieved its objective to inform representatives of self-administration about the implementation of the Project. The organisations of self-administration committed themselves to inform their members about the Project and to distribute information materials of the MF SR on the objectives and implementation of the Project among the members. The representatives of self-administration promised that the MF SR and the Project team would be provided space in the “Obecné noviny” (“The Municipal News”) newspaper, where they would be able to publish information on the Project regularly. “Obecné noviny” later served as one of the distribution channels for information on the trainings (see below).

2.7.3 Information on the project on Internet sites

MoF created a sub-site “Project of Implementation of Single State Accounting and Reporting” under the section “State Reporting” within its internet site www.finance.gov.sk, where information is published and updated on the Project and its progress. Information on the Project, materials submitted for approval by the Government in connection with the Project, progress reports by external advisors on the Project etc. are published here. Selected training materials - presentations to the foundation of accrual accounting - are published as well on this web site. The site includes also a link to the website of the Pavol Jozef Šafárik University in Košice.

The provider of training logistics, the Pavol Jozef Šafárik University in Košice (Univerzita Pavla Jozefa Šafárika v Košiciach – UPJŠ) created a dedicated site <http://uctovnictvo.science.upjs.sk> on which, apart from a link to the above MoF site, dates and topics of the trainings were published, with an interactive search engine and a tool to either enrol in the trainings electronically or download an enrolment form to be sent by fax/post.

The UPJŠ website also includes interactive discussion on trainings where site-visitors can ask questions or present their opinions or comments to the trainings. In the website section Photo Gallery, photos of completed trainings were published on the on-going basis.

2.7.4 Further ways of distributing information on trainings

UPJŠ distributed information on organised trainings also by way of communicating with ZMOS, and the latter distributed the information further to its members and published it in „Obecné noviny“ („The Municipal News“).

2.7.5 Articles in specialised press

In line with the Communication Strategy the Project team members published papers in professional journals, namely:

In the journal Účtovníctvo, audítorstvo a daňovníctvo (Accounting, Auditing and Tax Issues):

- an informative article on the contents and objectives of the Project, an announcement of a prepared series of specialised articles and a reference to the MF SR's Internet site („Verejný sektor bude účtovať prehľadnejšie“ / “The public sector's accounting will be more transparent”, Ing. Katarína Kaszasová, Ing. Miriam Majorová, PhD., ÚAD 9/2006),
- a specialised article on certain aspects of accounting and reporting under IPSAS („Dlhodobý hmotný majetok v kontexte Medzinárodných účtovných štandardov pre verejný sektor“ / “Tangible fixed assets in the context of the International Public Sector Accounting Standards”, Doc. Ing. Antónia Kovalčíková, PhD, ÚAD 9/2006),
- an informative article published within the series of articles “Public sector will account more transparently, View at internet page of the MF SR” about the Material for the Slovak Government discussion under the title “Information on the Project for implementation of a unified State accounting and reporting system (Ing. Katarína Kaszasová, FCCA, Ing. Miriam Majorová, PhD., ÚAD 10/2006),
- a professional article on accounting in State administration and self-government institutions („Financial Statements of State administration and self-government sector for 2006“ by Ing. Miriam Majorová, PhD, Účtovníctvo, audítorstvo a daňovníctvo 12/2006),
- an informative article on the Project for implementation of a unified State accounting and reporting system, on the project content and goals and its time schedule and the notice referring to the key date of January 1, 2008, announcement of a series of professional articles under preparation and reference to the web sites of MoF and UPJS („The project for implementation of a unified State accounting and reporting system“ by Ing. Miriam Majorová, PhD, Účtovníctvo, audítorstvo a daňovníctvo 1/2007),
- a professional article on selected aspects of accounting for budgetary organisations („Balance of costs and expenses of budget management – examples from a budgetary organization funded by the State“, doc. Ing. Antónia Kovalčíková, PhD, Journal Účtovníctvo, audítorstvo a daňovníctvo 1/2007),
- a professional article on essential principles of IPSAS ("IPSAS overview in the relation to the prepared new accounting and reporting methodology for state administration and self-administration", Ing. Miriam Majorová, PhD., Ing. Lucia Kašiarová, ACCA, Účtovníctvo, audítorstvo a daňovníctvo 2/2007,
- a professional article on the IPSAS 1 principles - Financial statements presentation and IPSAS 2 - Cash flows (International Public Sector Accounting Standards, IPSAS 1 -

Financial statements presentation, IPSAS 2 - Cash flows, Ing. Miriam Majorová, PhD, Ing. Lucia Kašiarová, ACCA, Ing. Richard Farkaš, PhD., Ing. Ivan Kupkovič, FCCA, Účtovníctvo, audítorstvo a daňovníctvo 5/2007),

- a professional article on the principles of IPSAS 3 - („Medzinárodné účtovné štandardy pre verejný sektor – International Public Sector Accounting Standards, IPSAS 3 - Účtovná politika, zmeny účtovných odhadov a chyby (Accounting Policies, Changes in Accounting Estimates and Errors), Ing. Miriam Majorová, PhD, Ing. Lucia Kašiarová, ACCA, Ing. Richard Farkaš, PhD., Ing. Katarína Somogyiová, ACCA, Účtovníctvo, audítorstvo a daňovníctvo 6/2007),
- a professional article on the principles of IPSAS 4 and IPSAS 5 („Medzinárodné účtovné štandardy pre verejný sektor – International Public Sector Accounting Standards, IPSAS 4 – Efekty zmien v kurzoch cudzích mien (The Effects of Changes in Foreign Exchange Rates), IPSAS 5 – Náklady na úvery a pôžičky (Borrowing Costs), Ing. Miriam Majorová, PhD, Ing. Lucia Kašiarová, ACCA, Ing. Richard Farkaš, PhD., Ing. Ivan Kupkovič, FCCA, Účtovníctvo, audítorstvo a daňovníctvo 7-8/2007),
- a professional article on the principles of IPSAS 12 and IPSAS 11 („Medzinárodné účtovné štandardy pre verejný sektor – International Public Sector Accounting Standards, IPSAS 12 – Zásoby (Inventories), IPSAS 12 – Zákazková výroba (Construction Contracts), Ing. Miriam Majorová, PhD, Ing. Lucia Kašiarová, ACCA, Ing. Richard Farkaš, PhD., Ing. Ivan Kupkovič, FCCA, Účtovníctvo, audítorstvo a daňovníctvo 9/2007).

In the journal Účtovníctvo ROPO a obcí (Accounting of budgetary and contributory organisations and municipalities):

- an informative article on the project content and goals and its time schedule and the notice referring to the key date of January 1, 2008, announcement of a prepared series of professional articles and reference on the MoF web site („Public Sector Accounting Reform – a unified State accounting and reporting system“ by Ing. Katarína Kaszasová, FCCA, Účtovníctvo ROPO a obcí 1/2006),
- an informative article about courses organised within the Project for implementation of a unified State accounting and reporting system, providing basic information about planned courses, brief evaluation of the realized course „Basis of the accrual accounting“ („Reform of the public sector accounting – How to prepare the accountants for the processes amendment of the accounting and reporting system?", Ing. Katarína Kaszasová, FCCA, Účtovníctvo ROPO a obcí 2/2006),
- an informative article about the XVIIth World congress of accountants and on presentations of the Reform of the public sector accounting and reporting system in the Slovak republic at this congress („Reform of the public sector accounting – XVIIth World congress of accountants, Ing. Katarína Kaszasová, FCCA, Účtovníctvo ROPO a obcí 3/2006)
- an informative article about planned activities of the Project for implementation of a unified State accounting and reporting system for the year 2007 with the link to the internet page of the MF SR („Reform of the public sector accounting – What can we expect in the year 2007", Ing. Katarína Kaszasová, FCCA, Účtovníctvo ROPO a obcí 1/2007),

- Professional articles containing explanation on various areas of accounting and reporting under IPSAS. The authors are employees of the Ministry of Finance (Ing. Miriam Majorová, PhD, Ing. Lucia Kašiarová, ACCA):
 - Účtovníctvo ROPO a obcí Nr. 4/2007, Basic principles of the new methodology of accounting and reporting in the State administration and local self-administration (Základné princípy novej metodiky účtovania a vykazovania v štátnej správe a samospráve),
 - Účtovníctvo ROPO a obcí Nr. 5/2007, Provisions and reserves under the new accounting and reporting methodology (Opravné položky a rezervy podľa novej metodiky účtovania a vykazovania).

In the journal Verejná správa (Public administration):

- an informative article about the Project for implementation of a unified State accounting and reporting system, about the contents and objectives of the Project, about the time-schedule with a special attention to the key date of 1 January 2008, advice to the upcoming series of the professional articles („Future of the public sector accounting“, Ing. Miriam Majorová, PhD, Verejná správa 10/2006),
- an informative article about the educational cycle for the state administration and self-administration realised within the Project for implementation of a unified State accounting (Ing. Miriam Majorová, PhD, Verejná správa 1/2007).

V časopise Dane a účtovníctvo:

A Professional article on the new accounting and reporting methodology of public administration bodies („Basic information on the new accounting and reporting methodology for organisations in public administration“, Ing. Miriam Majorová, PhD, Ing. Lucia Kašiarová, ACCA, Dane a účtovníctvo 9/2007).

Apart from the above articles, additional articles were published to inform on carrying-out the Project in periodic magazines of the publishing house Poradca focused on public administration.

2.7.6 Specialised conferences

Ing. Katarína Kaszasová, FCCA, the Director General of the State Reporting Section of the MF SR, spoke on 6 September 2006 at the conference "Summit of Municipalities 2006" organised by the Union of Slovak Towns and by the Slovak Rating Agency to the topic Project of implementing the uniform state accounting and reporting.

Within the conference "Communal management 2006" organised by the publisher of the economic weekly TREND on 12 October 2006, Ing. Katarína Kaszasová, FCCA, the Director General of the State Reporting Section of MoF held a lecture on the subject of implementation of the IPSAS into the national accounting legislation and its influence on the public finance management in Slovakia, and on the benefits of the higher-quality financial reporting to the management of the self-administration entities.

At the First Joint Conference related to the topical questions of the self-administration taking place on 16 October 2006, Ing. Katarína Kaszasová, FCCA, Ing. Miriam Majorová PhD, Ing.

Lucia Kašiarová, ACCA and Ing. Peter Bulla delivered a presentation „What will the Project for implementation of a unified State accounting bring to the self-administration?”

XVIIth World Congress of Accountants took place on 13 and 16 November 2006 in Istanbul, Turkey. The Director General of the State Reporting Section of the SR, Ing. Katarína Kaszasová, FCCA, delivered a presentation here. The objective of her presentation was to inform the delegates of the congress about the decision of Slovakia to implement the principles of IPSAS into the cogent legislation and to improve the system of state accounting and reporting system. Ing. Kaszasová presented the Slovak accounting and reporting system reform in the public sector, she informed about the time-schedule of the reform as well as about stages the particular components of the reform are at.

2.7.7 Report presented at the session of the Slovak Government

In compliance with the Communication Strategy, the MF SR prepared a report on the progress of the Project to obtain approval by the Government for the postponement of the live use of the new accounting methodology by one year (1 January 2008 as opposed to the original term of 1 January 2007). The draft report was approved by the Steering Commission at its session of 22 August 2006 and subsequently the draft was submitted to the Slovak Government for approval.

The Government of the SR approved the document “Report on realisation of the Project for implementation of a unified State accounting and reporting system and a proposal for further progress“ on its 17th session on 25 October 2006 by its resolution Nr. 897/2006.

Following the session of the Government, the conclusions of the session and the approved version of the document were published on the web site of the Slovak Government Office . The document was also published on the web site of the MF SR.

3 Analysis of Project impact on strengths and weaknesses of existing public finance accounting framework

As part of our as-is analysis of the public finance accounting framework, we analysed its strengths and weaknesses. We presented our results in the Report on strengths and weaknesses of the existing financial and fiscal reporting framework. We describe below the impact of our Project on the identified strengths and weaknesses, i.e. whether or not the Project contributed to development of strengths and elimination of weaknesses.

We show for particular strengths and weaknesses how the impact of the IPSAS Project demonstrated on them. It can be seen that in number of cases, the IPSAS Project had no impact on the existing accounting process in the MF SR. This is understandable, because the Project focus was to design a fully new process of consolidation of public administration and not to improve existing processes in all aspects where opportunities were identified. We rather concentrated on strengths and weaknesses related to the new consolidation process.

3.1 Accounting and financial reporting

3.1.1 Strengths of the current system of financial reporting

We have identified the following main strengths of the current system of financial reporting:

The cash basis of accounting ensures fiscal control and supervision over public finance

The limits on budgetary payments are approved by the state authority annually, which ensures control over and responsibility for yearly provided cash funds. The cash funds cannot be used unless previously approved by the state authority within the budgetary payments limits.

The financial statements prepared prevalingly on cash principle traditionally report cash funds and uses of them within particular programmes, sources, groups, classes and items and provide comparison of expenditures made versus a budget.

Correctness of accounting and reporting is checked more easily due to characteristics of the cash principle, e.g. yearly approval of budgetary expenditure limits and focusing mainly on cash transactions.

The new process of financial and fiscal reporting designed within the IPSAS Project maintains the budgetary control over public finance and integrates it into this process by

- including Budgetary statements (Statements of fulfilment of budget and of fulfilment selected budgetary indicators, "VPR") into the consolidation pack
- proposing logical consistency checks between Budgetary statements and accounting data.

This area is analysed in more detail in sections 3.5.1.7 a 3.5.1.8.

Simplicity

The system of cash-based accounting is simpler, more transparent and has been used by the public sector in many countries over several decades. The administration of a cash-based accounting is relatively cheaper.

In IPSAS project we relied on the accountants' skills they achieved using the current process and we have enhanced them through the training course on the new methodology (see section 2.6).

3.1.2 Weaknesses of the current financial reporting system

The current financial reporting system shows some fundamental weaknesses listed below:

Weakness	Elimination opportunities	Eliminated in result of IPSAS Project
1 Limited comparability of the financial statements of public sector entities	1 Harmonization of the accounting principles and financial statements of public sector entities	Yes A new accounting methodology was prepared and the financial statements were adjusted. The accounting principles and financial statements of BO, CO, state funds, municipalities and higher territorial units were harmonized with the accounting principles and the financial statements for entrepreneurs, while taking into account the specifics of the public sector.
2 Accounting for selected costs only	2 Introduction of accrual accounting and the principle of prudence in the accounting regulations for public sector entities.	Yes, A new accounting methodology has been prepared. As a result of implementation of the accrual accounting and the principle of prudence, all costs are accounted for.
3 Not accounting for revenues	3 Development of new accounting procedures relating to accounting for revenues from exchange and non-exchange transactions.	Yes A new accounting methodology was prepared. Organizations will account for the revenues from exchange and non-exchange transactions.
4 Limited distinguishing between transfers with one's own entities and third parties.	4 Preparation of new accounting procedures that would distinguish between transfers with one's own entities and third parties.	Yes A new accounting methodology was prepared. Organizations will account for transfers with one's own entities separately from those with third parties.
5 Insufficient focus on disclosing future and other contingent liabilities	5 Defining an exact form of recognizing future and contingent liabilities.	Yes A new accounting methodology was prepared, including adjusted financial statements. Organizations will account for and disclose in the notes to the financial statements, all liabilities, including contingent liabilities.

Weakness	Elimination opportunities	Eliminated in result of IPSAS Project
6 Absence of the consolidated financial statements of the public sector entities	6 Adoption of accounting principles relating to the consolidated financial statements of public sector entities	Partially A new methodology of accounting consolidation and new consolidation procedures have been prepared. New accounting principles for the consolidated financial statements of public administration entities have been prepared within the Project. The first consolidated financial statements will be prepared for 2009. So far, consolidation will not include selected entities of the public sector, such as public universities, social insurance and private health insurance companies.
7 Ability to influence budget fulfilment	7 Introduction of accrual accounting and the cash flow statement that will reflect changes in liabilities	Yes, A new accounting methodology has been prepared. By applying the principle of accrual accounting, information on the changes in liabilities will be provided. Any potential attempt to manipulate the budget will thus become apparent.
8 Lesser degree of focus on operational effectiveness	8 Introduction of a computation of the result of operations by comparing revenues and costs ascertained using the accrual principle.	Yes, A new accounting methodology has been prepared, including adjusted financial statements. The result of operations will be determined by comparing revenues and costs ascertained using the accrual principle.
9 Low degree of focus on the management of non-current assets	9 Disclosure of detailed information in the notes to financial statements on the economic useful lives of non-current assets, their changes and measurement	Yes A new accounting methodology has been prepared, including adjusted financial statements. Detailed information will be disclosed in the notes to the financial statements, on the economic useful life of the non-current assets, their changes and measurement.
10 Low understandability of the statements for a broad public	10 Introduction of accounting procedures for the public sector that will, if considering the specifics of the public sector, ensure comparability of the accounting procedures for public sector entities and entrepreneurs.	Yes A new accounting methodology has been prepared, including adjusted financial statements. Comparability was achieved with accounting procedures for entrepreneurs. We have also proposed a new structure for the public sector final account. To date, this structure has not been implemented.

Comparability of the financial statements of public sector entities

In section 2.1.1, we describe the specifics of accounting for and recognizing selected accounting items and events which, due to the specifics of individual public sector entities, are comparable only to a small extent. Even though the entities prepare an income statement, it does not include information on the result achieved from the main activity, because the statement is only prepared for the business activity. The financial statements of budgetary organizations, state funds, municipalities and higher territorial units do not include a statement that would address the generation of the result for the overall activity.

Accounting for selected costs only

As mentioned in section 2.1.1, public administration entities account for only selected costs. This means that some types of costs, such as the set-up of provisions, valuation allowances, as well as accrued and deferred expenses (except for contributory organizations), are not reflected in the current accounting system, as they do not represent a cash expense. Such transactions can significantly affect the financial situation and the final effect of the activities of public sector entities.

We have eliminated this shortcoming by preparing a new accounting methodology. As a result of introducing accrual accounting and the principle of prudence in the accounting principles, all costs incurred by the organization are accounted for, including the set-up of provisions and valuation allowances, as well as accruals and deferrals of costs.

Not accounting for revenues

In accordance with the Act on Accounting, revenues are defined as an increase of economic benefits of an accounting entity in the accounting period, that can be reliably measured, and receipts are defined as an increase in cash or cash equivalents of an accounting entity. As a result of the existing system, public sector entities, such as budgetary organizations, higher territorial units and state funds, do not account for any revenues, only for budgetary receipts classified as collected and accounted for.

We have eliminated this shortcoming by preparing the new accounting methodology. Organizations will account for the revenues from exchange and non-exchange types of transactions in accordance with the definition set out in the Act on Accounting.

Obmedzené rozlišovanie transferov voči vlastným subjektom a voči tretím subjektom

Current accounting and reporting systems do not satisfactorily address the treatment of transfer recognition regarding their provider. The transfers between related public administration entities, such as a municipality and its contributory organization, are recognized in the same way as transfers between a public administration entity and a business.

A new accounting methodology was prepared that eliminated this shortcoming. Organizations will account for transfers with one's own entities and third parties separately. Different rules will apply to revenue recognition from transfers with the founder and those with third parties.

Insufficient focus on recognising future and contingent liabilities

Current legislation sets out an obligation for public administration entities to disclose existing and future liabilities in the notes that are an integral part of the financial statements. No detailed instructions exist regarding the form of the disclosure of these liabilities. Therefore, even if they were precisely recognized, they would not be usable for public finance purposes because of difficulty processing and evaluating them.

Insufficient focus on the disclosure of liabilities results in an absence of information necessary to assess the impact of existing liabilities on the requirement of future resources, and thus fails to provide important information for the Government on whether or not it may afford to provide services at a given level or at what level the services should be provided in the future.

A new methodology, including adjusted financial statements, was prepared that eliminated this shortcoming. In the notes to financial statements, organizations will account for and disclose all liabilities, including contingent liabilities. The project introduced new, precise rules for the recognition of liabilities, estimated liabilities and contingent liabilities. As a result of a focus placed on the disclosure of liabilities, information is provided for assessing the effect of existing liabilities on the requirements of future resources, which is important information for assessing whether one will meet the budget.

Consolidated financial statements of public administration entities

Current legislation does not address the issue of consolidation of public administration entities. For example: in the case of municipalities, equity includes income and expenses of budgetary organizations established by the municipality. However, the assets and liabilities of a municipality do not include assets and liabilities of their budgetary organizations, that may to a large extent affect the financial situation and final effect of activities of the municipality. The same applies to other public administration entities. Current legislation does not address the issue of consolidation of budgetary chapters, as well as consolidation of the public administration.

A new accounting methodology and consolidation procedure was prepared that eliminated this shortcoming. A precondition for this was the approval of the amendment to Act 431/2002 Coll. On Accounting. Accounting procedures relating to the consolidated financial statements of public administration entities were developed within the project, together with the consolidation package and a consolidation handbook. The consolidated financial statements will be prepared for 2009 for the first time. In 2010, the first summary financial statements for public administration will be prepared. So far, they will not include special entities, such as public universities, social insurance companies, private health insurance companies.

Ability to influence budget fulfilment

The existing accounting and reporting system places its main focus on meeting the budget, budgetary expenditures and incomes. Theoretically, this allows the budget to be affected through the cash movement at the end of the financial period, such as postponing payments in order to reduce the deficit or avoid cash overdrafts.

A new accounting methodology and consolidation procedure was prepared that eliminated this shortcoming. The application of accrual accounting enables an entity to get information about changes in liabilities. Any attempt to manipulate the budget will thus become apparent.

Lesser degree of focus on operational effectiveness

In some instances, the current accounting and reporting system may result in lower operating effectiveness – incentives of public sector entities may be limited to receiving the largest allowable budget and ensuring that it is used by the end of the financial period in order to be assigned approximately the same budget for the following period. Failure to use the budget may result in its reduction in the following period.

A new accounting methodology, together with adjusted financial statements, was prepared that eliminated this shortcoming. The result of operations will be ascertained by comparing revenues and costs ascertained using the accrual principle. In this way, the management of the organization and its founder have another tool for monitoring the operational effectiveness of the organization. Monitoring the costs of organizations of the same type will provide better grounds for benchmarking, compared to previously applied budget comparisons.

Low degree of focus on the management of non-current assets

It is important in the public sector to have proper asset management, because the most valuable asset is infrastructure, which has a long useful life and is the basis for sustainable growth of the country. Proper management ensures a proper policy for asset renewal, identification and disposal of surplus assets, and better risk management. Identification of assets and accounting for their depreciation enables readers of financial statements to better understand the impact of the use of non-current assets and allows them to consider alternative methods. The current system does not create satisfactory conditions for this purpose because, for many entities, depreciation charges, as such, do not affect the result of operations. These entities lack the motivation to set depreciation in a way that fairly reflects the wear and tear of the asset.

A new accounting methodology, together with adjusted financial statements, was prepared that eliminated this shortcoming. Detailed information on the useful life, movement and measurement of an asset will be disclosed in the notes to the financial statements, which are part of the financial statements.

Low understandability of the statements for a broad public

The broad public is not able to analyse the financial situation and the result of operations of public administration organizations, as they are not familiar with the specific accounting regulations for the public sector, which differ significantly from those used by businesses.

A new accounting methodology, together with adjusted financial statements, was prepared that eliminated this shortcoming. The general public will be able to analyse the financial situation and the result of operations of public sector organizations, because specific accounting procedures for the public sector that differ significantly from accounting procedures for businesses will be disclosed in detail in the notes to the financial statements, and other principles will be mostly identical to those applicable to businesses.

We have also proposed a new structure of the public administration final account (PAFA) with the aim to disclose accrual accounting information in the PAFA. This would significantly improve the legibility of the macro- and micro-economic data disclosed on public finance. This structure has not been applied yet.

3.2 Accounting process at the MF SR

It was our task to map the as-is accounting processes at the MF SR. The mapping was performed for 3 relatively separate internal accounting entities:

1. Funds accounting,
2. MF SR Office Administration accounting ("Office"),
3. Accounting in the chapter of General Treasury Management ("VPS").

For sake of completeness it should be noted that apart from the particular accounting areas, there are also weaknesses in the MF SR accounting related to the MF SR as one accounting entity, i.e. that the MF SR as legal entity

- has neither created a process for preparing financial statements of single accounting entity, nor has appointed responsible persons and units for this process,
- central coordination of accounting at the level of the MF SR as a single accounting entity does not exist.

3.2.1 Funds accounting

Here belongs the accounting for pre-accession and post-accession EU aid, financial envelope, own sources of the EC, Norwegian financial instrument and Solidarity Fund, that is performed by the Separate Department of Accounting at the Section of European and International Affairs. The accounting is maintained on the ISUF system (Information System for Funds Accounting) being an adapted implementation of SAP R/3 system.

Strengths	Development opportunities	Used in result of IPSAS Project
1 Accounting process is supported by a system with large functionality.	1 Automated posting of bank statements, see section 3.2.1.1.	Not.
2 Accounting process is documented in detail by manuals to individual aid types.	2 Detailed documentation will facilitate the transition to accrual accounting by formalising the process according to the new accounting methodology. From the funds accounting point of view, we do not anticipate significant changes in this area.	Not.

Weaknesses	Elimination opportunities	Eliminated in result of IPSAS Project
1 Some system capabilities are not fully used.	1 See point 1.	Not.

3.2.1.1 Automated posting of bank statements

The accounting system provides a standard functionality for automated accounting of bank statements, i.e. of payments and receipts, on the basis of identification strings in payment orders or in receivables. The algorithm can distinguish bank fees on the basis of the relevant constant symbol and post them automatically. It is also possible to set up an automated posting of foreign exchange gains / losses. Manual control can be retained if needed so that the system will offer a default algorithmic solution that can be overwritten. We recommended to use the functionality for automated bank statement posting, however, implementing this recommendation was not a condition to reach IPSAS Project objectives.

3.3 MF SR Office accounting

The accounting is maintained by the Accounting Department of the MF SR Office on a SAP R/3 system denoted as IS ESO.

Strengths	Development opportunities	Used in result of IPSAS Project
1 Accounting process is supported by a system with large functionality.	1 Automated posting of bank statements. The recommendation described for ISUF in section 3.2.1.1 is also valid for the MF SR Office accounting.	Not.

Weaknesses	Elimination opportunities	Eliminated in result of IPSAS Project
1 Some system capabilities are not fully used.	1 See point 1.	Not.
2 Lower level system support than currently needed, see section 3.3.1.	2 Expanding fixed assets register grouping criteria, see section 3.3.2.	Not.
	3 Expanding fixed assets register functionality for registering persons in charge of individual assets, see section 3.3.3	Not.
	4 Expanding functionality for FINFAP report generation, see section 3.3.4	Not.
3 Complicated involvement of budgetary control into accounting process..	5 Budgetary approval of purchase orders rather than invoices, see section 3.3.5.	Not.

Weaknesses	Elimination opportunities	Eliminated in result of IPSAS Project
	6 Indication of budgetary classification code as output of budgetary control for petty cash expenditures, see section 3.3.6.	Not.

3.3.1 Process of maintenance and further development of accounting system

The process of maintenance and further development of accounting system is governed by Internal Regulation of MF SR Nr. 33/2005 Decision of Minister of Finance on issuing the Statute of Steering Committee for the IS ESO project ("Regulation"). The Regulation obliges users to submit requests for IS ESO maintenance and development to a responsible quality manager.

MF SR uses an application Open View Service Desk ("Service Application") since beginning of 2006 to collect and manage requests for development of its IS, including IS ESO. Access to the Service Application was granted to each IS user at MF SR via intranet interface. We found that there are opportunities to improve the IS ESO functionality that are not recorded in the Service Application, see sections 3.3.2, 3.3.3 a 3.3.4.

According to the valid Regulation wording, neither user nor quality manager are obliged to input identified change requests or IS development opportunities into the Service Application. We consider for useful to record into the centralised system for collection and management IS development requests also such functionality development requests that pose no immediate priority but have to be solved at least in mid-term. This would bring benefit at least in the following areas:

- for complaints of system users on complicated work with the system or of system output recipients on lower than requested information quality. It will be possible to look up retrospectively who, when and whether anyone has asked for implementing the requested functionality,
- documented database of system functionality requests facilitates planning of funding for application support by the system vendor.

From this reason, we recommended to amend the Regulation for the obligation of users to input into the Service Application identified change requests or IS development opportunities. At the same time, it is necessary to assign a responsibility to evaluate them. This can be assigned to the existing quality manager function or to a, for the IS ESO so-far non-existing but proposed, professional guarantor function. The function of professional guarantor has been already used in the ISUF change process. The solution to be adopted should reflect the need to:

- maintain consistency of changes in the IS ESO accounting clients,
- create a knowledge base from performed changes to the system.

Implementing this recommendation was not a condition to reach IPSAS Project objectives.

3.3.2 Grouping criteria in IS for fixed assets register

Fixed assets are grouped in the system into classes defined per synthetical accounts of the framework chart of accounts. Analysis per economic classification per the Slovak Statistical Office is also supported. The system does not provide an option to define user-defined grouping codes.

The existing assets grouping capability is insufficient for an organisation with a large quantity of assets, such as the MF SR. For example, the synthetical account 022 maintains together heterogeneous assets such as IT and office furniture. The system does not include a filtering key enabling the filtering out and separate reporting of a requested subset of assets. We believe that when implementing the system, a time-saving approach of minimum configuration was adopted, in this case the approach of compliance with the requirements of the framework chart of accounts, however, future needs of the organisation had not been taken into account. The framework chart of accounts represents only minimum requirements on asset grouping that are common to large and small organisations, where small organisations can analyse their assets on an item-by-item basis. Large organisations can, in contrast, rely only on reporting capabilities of their own systems. We recommended expanding the grouping criteria of the FI-AA module on the basis of information needs analysis. Implementing this recommendation was not a condition to reach IPSAS Project objectives.

3.3.3 Registering persons fully responsible for allocated assets

The system was not customised for registering the names of persons to whom responsibility for assets has been allocated. This hinders work with personnel, e.g. checking the return of assets at employment termination or for assigning asset damages to persons. Currently, this information is recorded in an alternative spare field on the asset card. However, there is no report available on this field. At a minimum, we recommended developing a report reading this alternative field, i.e. providing an assets overview including a materially responsible person. Implementing this recommendation was not a condition to reach IPSAS Project objectives.

3.3.4 FINFAP report generation

The report on sectoral classification of financial assets and liabilities or on sectoral classification of increases / decreases in financial assets and liabilities ("FINFAP") is prepared outside the IS. Only one financial investment is reported. We believe that the FINFAP report does not include all requested items, e.g. in column 10 "Other receivables and paid advances", all receivables and paid advances should be reported in order to reach consistency with the B/S rows according to the MF SR Instruction of 20 Dec. 2005 published in Finančný spravodajca 1/2006, page 57. We recommended expanding the IS functionality for generating this report which will systematically ensure consistency with the B/S rows. Implementing this recommendation was not a condition to reach IPSAS Project objectives.

3.3.5 Budgetary approval of order instead of invoice

A standard purchasing process was set up in the IS which begins by issuing and approving an order. The system checks agreement of a purchase invoice to the approved order. A funding reservation is generated in the budgeting module by approving an order, i.e. an "obligo" of orders arises including respective budgetary classification ("RK"). RK is applied also to

potential advances paid. However, the proper RK code is determined by the accountant without the involvement of the budgetary clerk at the time of generating the obligo of orders.

After a purchase invoice has been received, the process of its approval begins. Within the budgetary control process, the budgetary clerk verifies availability of funding per budget and assigns an RK code to the invoice. The approved invoice is registered in the budgetary module as obligo of invoices.

We believe that the budgetary clerk performs the budgetary control too late in the process. Availability of funding from budget has already been provided for by reserving such funds on the order, and at this moment, an RK code has also been assigned. Therefore we recommended to perform the budgetary control at the time of order generation. Where the invoice agrees to its related order, budgetary control for this invoice does not need to be repeated. Implementing this recommendation was not a condition to reach IPSAS Project objectives.

3.3.6 Indication of budgetary classification code as output of budgetary control for petty cash expenditures

An important element of petty cash expenditure recording is to provide a correct RK code. Due to personnel capabilities of the accounting function at the MF SR Office, petty cash is not administered by cashiers that would reliably recognise budgetary expenditures immediately at the moment of issuing a cash expenditure slip. As a result, cashiers record the expenditures on technical accounts wherefrom they are reallocated by a knowledgeable accountant.

Budgetary control by a budgetary clerk also forms part of paying out an expenditure. The clerk provides information as to whether budgetary funding is available for this expenditure. However, the output information from the budgetary control does not include the RK code. This is surprising given that the budgetary clerk must have already identified the proper code when performing the funding availability check. Indicating relevant RK codes does not present any further work for the responsible budgetary clerk. At the same time, indicating the RK code is important information for a cashier, on which basis proper recording of the cash expenditure slip can be attained.

If the budgetary clerk indicated the respective RK code as a component of his/her budgetary control, the cashier would be able to accurately record the cash expenditure slip. In this way, the subsequent activity of reallocating the cash expenditure by a knowledgeable accountant could be eliminated. Implementing this recommendation was not a condition to reach IPSAS Project objectives.

3.4 VPS accounting

VPS accounting is maintained by the Accounting Department for Specific Transactions of State ("VPS") on a SAP R/3 system.

Strengths	Development opportunities	Used in result of IPSAS Project
1 Accounting process is supported by a system with large functionality..	1 Automated posting of bank statements. The recommendation described for ISUF in section 3.2.1.1. is also valid for VPS accounting.	Not.
2 Accounting process documented in detail in the form of an internal guideline.	2 Detailed documentation will facilitate transition to the accrual basis of accounting by formalising the process according to the new accounting methodology.	Not.

Weaknesses	Elimination opportunities	Eliminated in result of IPSAS Project
1 Some system capabilities are not fully used.	1 See point 1.	Not.
2 Missing functionality for managing financial assets and liabilities.	2 Implementing the missing functionality, see section 3.4.1.	Not.
3 Insufficient accounting control over tax and customs assets and liabilities	3 Implementing adequate accounting controls, see section 3.4.2	Not.

3.4.1 Functionality for managing financial assets and liabilities

The VPS accounts for financial assets and liabilities governed by the MF SR. Acquisitions and disposals of assets or an increases, changes and settlements of liabilities are recorded on the basis of supporting documentation obtained from a relevant specialised unit, (e.g. Division of managing and recording specific transactions of the state) or from an external entity (e.g. ARDAL, NBS, ČNB a ČSOB). The VPS does not have a specialised module for registering assets and liabilities and individual transactions are posted directly into the GL on separate analytical accounts.

The VPS experiences difficulty in controlling its assets and liabilities as it does not use any specialised functionality for registering assets and liabilities. Neither subledgers nor asset management or finance modules are used, and posting is made directly to the GL analytical accounts. For example, in order to find a current balance of an asset per the VPS system, it is necessary to find an expenditure increasing balance of the given asset in the GL and manually add this amount to the opening balance. If using a functionality for asset registration, the current balance would be available immediately in the IS.

The existing status poses a problem especially for documentary reviews of balances when trying to establish a closing balance for each asset / liability item. For assets and liabilities managed by

ARDAL, the problem of determining closing balances can be overcome during the accounting period by electronic connection, however, the data from ARDAL alone will not solve the problem of a complicated reconciliation process of potential differences in the closing balances per ARDAL and per VPS. We recommended considering the implementation of a specialised functionality. Implementing this recommendation was not a condition to reach IPSAS Project objectives.

3.4.2 Accounting control over tax and customs assets and liabilities

Tax and customs assets and liabilities are accounted for by Tax Offices and Customs Directorate of SR on a contractual basis. These institutions send closing balances of tax and customs assets and liabilities electronically via ISŠP. The MF SR accounting system takes over these balances and includes them automatically into the balance sheet of VPS or of the MF SR. Neither detailed accounting records nor closing balance break-downs for individual accounts are sent. In such a system, the MF SR has not a sufficient control over assets and liabilities recognised in its balance sheet. We recommended to ensure that the involved institutions send break-downs for the tax and customs assets and liabilities accounts to VPS. A control is needed when preparing financial statements by reconciling the electronically transferred balances to the balances per account closing balance break-downs. Implementing this recommendation was not a condition to reach IPSAS Project objectives.

3.5 Fiscal reporting

In our analysis of fiscal reporting strengths and weaknesses, we built on our understanding of the fiscal reporting process. We identified process strengths and weaknesses and focused on related opportunities for development and addressing the weaknesses. We provide an overview in the table below:

Strengths	Development opportunities	Used in result of IPSAS Project
1 Centralised data collection in electronic form.	1 Extending the level of detail of electronically provided information from summary financial and budgetary statements to tables in the notes to the financial statements, adjusted to the specific needs of statistical reporting, see section 3.5.2.	Yes. Tables were taken over into consolidation pack.
	2 Improving logical consistency checks between financial statements or within transactions reported for a period, see section 3.5.2.	Yes. Connecting all data into one pack it is enabled to automate consistency checks of input data.

Strengths	Development opportunities	Used in result of IPSAS Project
2 Continuity and gained knowledge and experience of the working team providing the financial reporting process.	3 Creating internal guidelines / manuals for statistical reporting, see section	Yes. Relevant parts of the fiscal reporting process were included into the process handbooks.

Weaknesses	Elimination opportunities	Eliminated in result of IPSAS Project
1 Missing data on establishing and terminating organisations, activity delimitations, see section 3.5.1.1.	1 Reporting the prior period both gross and net. The tables proposed in section 3.5.2 have the same structure for both the current and prior accounting period.	Yes. Tables were taken over into consolidation pack.
2 Missing accrual data, see section 3.5.1.2.	2 Harmonisation of recognition criteria and calculating remaining differences. We consider the harmonisation of the accounting and statistical reporting presented in the tables per section 3.5.2 for the maximum practically attainable harmonisation level. Unsatisfied statistical needs will be solved by separate statistical investigations.	Yes. Tables were taken over into consolidation pack.
3 Missing information on market prices, see section 3.5.1.3.	3 As in the point 1. Reporting entities will provide market valuation information where practicable.	Yes. Tables were taken over into consolidation pack.
4 Missing information for calculating statistical superdividends, see section 3.5.1.4.	4 As in the point 1.	Yes. Tables were taken over into consolidation pack.
5 Missing information for assessing capital injections, see section 3.5.1.5.	5 As in the point 1.	Yes. Tables were taken over into consolidation pack.

Weaknesses	Elimination opportunities	Eliminated in result of IPSAS Project
6 Missing information for splitting an accounting transaction into transaction and holding gain/loss, see section 3.5.1.6.	6 As in the point 1.	Yes. Tables were taken over into consolidation pack.
7 Difference in movements of cash per B/S and per VPR, see section 3.5.1.7.	7 As in the point 2.	Yes. Tables were taken over into consolidation pack.
8 Inconsistencies in financial assets and liabilities per B/S and VPR, see section 3.5.1.8.	8 As in the point 2.	Yes. Tables were taken over into consolidation pack.
9 Complicated elimination process for intra-sector receivables and payables for statistical consolidation see section 3.5.1.9.	9 Statistical consolidation will use confirmation of balances within the general government sector during the preparation of summary financial statements for public administration.	Yes. The process was incorporated into the process handbooks for consolidation

3.5.1 Detailed description of weaknesses

3.5.1.1 Missing data on establishing and closing of organisations, activity delimitations

Problems with reporting the prior period can arise in the statistical consolidation process during establishing or terminating budgetary organisations / contributory organisations or delimitations of activities to another budgetary organisation / contributory organisation. This is because the financial statements show only net figures for the prior period, both gross and net figures are shown for the current period. Accurate statistical reporting requires both gross and net figures to be presented for the prior period. We investigated the following opportunities to eliminate this weakness:

1. Reporting the prior period both gross and net in the financial statements.
This would be a non-traditional solution from the accounting point of view, however, not impossible.
2. Reporting the prior period both gross and net in the notes to the financial statements for all categories of assets and liabilities.
3. Expanding the data provided to the Department for implementation of statistical standards ("Department") by ISJÚŠ and Datacentrum.
In case of expanded functionality of aggregating systems or in case of direct connection of the Department to these systems, the Department would have available not only the

aggregated data for subsectors, but also an option to “drill down” to individual items (e.g. to the level of organisations constituting a subsector). This would automatically eliminate a need for many questions.

We applied the approach described in point 2 above to the tables proposed in section 3.5.2, i.e. the tables have the same format for the current and prior accounting period. This appears to be the optimum approach also from the point of view of the solution 3. The tables were taken over into the consolidation pack in the proposed form. They will be used in creating the future common database of accounting and fiscal reporting as a source of data for aggregation.

3.5.1.2 Missing accrual data

Key information for statistical reporting is currently gained from the Budgetary statements ("VPR"). This report reflects cash movements while statistical standards require accrual information. Missing accrual data are obtained by statistical investigations. Among the most significant accruals there are tax receivables and receivables for social insurance.

The implementation of accrual accounting significantly removes the need for additional investigation into information for such accruals because they will already have been recognised in the accounting records. This can be illustrated with tax receivables where for the September notification of the Maastricht debt, a method of actual tax receipts adjusted for the time shift of tax maturity against tax period was used. This complies with the accrual accounting approach which recognises as a receivable only virtually certain future receipts. If using this approach, we assume that the role of VPR in preparing statistical reports will decrease in exchange for increased use of financial statements data, especially the notes to the financial statements. The solution rests in:

1. attaining maximum possible harmonisation of accounting recognition criteria with statistical reporting criteria, e.g. as in the case of the tax accrual discussed above,
2. documenting all remaining methodological differences between the accrual basis of accounting and the statistical basis of reporting, e.g. in the form of internal procedures. Additional differences identified by us in this phase are presented in the following sections;
3. calculating the differences per item 2 each time a statistical report is prepared.

We believe that the harmonisation of the accounting and statistical reporting presented in the tables per section 3.5.2 allows for the maximum practically attainable harmonisation level. Unsatisfied statistical reporting needs will be addressed by separate statistical investigations in terms of points 2 and 3.

3.5.1.3 Missing information on market prices

According to the statistical basis of reporting, assets and liabilities are valued at market values, or if these are not available, at replacement costs. The proposed new accounting methodology, as well as the current methodology, prefers valuation in terms of historical costs. Market values are applied only for selected short-term financial assets and liabilities.

To date, the Separate Department for Implementing Statistical Standards ("Department") has not revalued assets and liabilities from historical cost to market values/replacement costs. If the accounting records did not already provide fair values, historical costs were used also in the statistical reports. It is a task of the Department to comply with the statistical basis of reporting and to find an appropriate way of valuing assets and liabilities.

We considered the following approaches to address this issue:

1. In the accounting records, assets and liabilities will be measured at fair values in all cases where allowed by IPSAS. These include, in principle, all assets and liabilities except for inventories and deferred tax. The disadvantage of this approach is that
 - the criteria for revaluing to fair value are more strict in the accounting system than in the statistical reporting system, and applying such stricter criteria could lead to increased costs, e.g. for expert valuation of real estate,
 - the accounting entities currently may not dispose of sufficiently qualified accountants, especially during the running-in period of the accrual basis of accounting. Consequently, the valuation data provided may not be reliable for items where an accounting entity itself would perform the valuation,
 - this would result in inconsistencies with accounting procedures for other types of accounting entities where historical costs are still applied,
 - fiscal reporting still needs to provide information on historical costs, see section 3.5.1.6.
2. Assets and liabilities will be measured at historical costs in the accounting records and fair value information will be presented in notes to the financial statements. The advantage of this approach in comparison to the approach 1 is that
 - even in cases of possible valuation errors, a reliable basis at historical costs remains,
 - the accounting records can provide data on historical costs to the fiscal reporting function.

One disadvantage of this approach is the increased size of notes to the financial statements.

3. Assets and liabilities will be measured at historical costs in the accounting records and fair values will not be determined beyond the requirements of the existing accounting procedures. The obligation to provide for any valuation adjustment will be left to the Department.

A combination of the approach 2 and 3 appeared to be the most plausible. The accounting entities will provide information on fair values in the notes to the financial statements as at the reporting date where such reliable data can be expected to be obtained, e.g. traded securities. Recalculation of interest expense using the effective interest rate method will not be needed. This approach was reflected in the proposed tables in section 3.5.2 that were also taken over into the consolidation pack. The accounting entity will disclose fair market values as at the beginning and end of the period, if practicable. The accounting entities will perform neither expert valuations nor carry-out revaluations of inventories at replacement costs. The statistical revaluation will be performed by the Department.

3.5.1.4 Missing information for calculating statistical superdividend

ESA95 methodology provides more detailed rules for reporting dividends than does the current accounting methodology. Some accounting transactions considered in the accounting for those generating a realised profit/gain are not recognised by statistical bases as an income justifying distribution of dividend. These include proceeds from F/A disposals and gains from accounting revaluations of assets/liabilities. Dividends attributable to this type of accounting income are

classified as a transaction which decreases net assets per ESA95, thus having an impact on the EDP. In the same way, dividends distributed from reserves of a company, even though created from profit, if these were not specifically determined for smoothing-out dividends between years, are also considered as a decrease of net assets.

We investigated the following options:

- a) additional statistical investigation on profit on disposal of fixed assets for significant dividend income,
- b) the reporting general government entity will be made aware of ESA95 requirements for reporting dividends and will be obliged to report in the notes to the financial statements those dividends which statistically decrease net assets.

Option b) appeared to be more appropriate. The duty to report a statistical superdividend can be limited by a regulation specifying the contents of the notes to the financial statements for a relevant set of entities. For this reason we included a table on the statistical superdividend to the proposed tables. This table was taken over into the consolidation pack.

3.5.1.5 *Missing information for assessing capital injections*

This concept is relevant for Eurostat even though it is not defined by ESA95 methodology. A broad definition of it is provided in the ESA95 manual for government deficit and debt: "many types of payment from government to a public corporation which in national accounts have to be classified under quite different headings as capital transfers or as financial transactions. For example, it includes transactions that might be described in public accounts as investment grants, capital grants, commutation grants, loans, equity injections, acquisition of share capital or public dividend capital."

In principle, it holds that grants, loans, capital contributions including in-kind contributions, are taken for non-financial transaction if return is not expected on such a transaction, having impact on the deficit. The first indication of a need to apply such an approach is when a recipient of such funds is a public corporation that accumulated significant losses.

Due to a need to assess each capital injection individually, we applied a solution where accounting entities will provide in the notes to the financial statements sufficient details on borrowed funds, loans, acquired securities and ownership interests, including identification of the debtor, issuer and entity in which the ownership interest was acquired. Additional details will be obtained by the Department by statistical investigation. The tables proposed in section 3.5.2 are a suitable starting point for gaining this information since they capture in detail all transactions in the area of financial assets and liabilities.

3.5.1.6 *Missing information for splitting an accounting transaction into transaction and holding gain/loss*

Assets are reported at market values/replacement cost in the statistical reporting process. However, there is a need to maintain historical cost information also. On sale, disposal, delimitation of an asset etc. such a transaction should be reported from the view t of fiscal reporting separated into

- the transaction in narrow sense (non-financial or financial), valued at current market value/replacement cost,

- the holding loss/gain measured as the difference between the current market value/replacement cost and historical cost of the asset.

A similar approach should be applied also for liabilities. To achieve this, the required details could be provided in the notes to the financial statements. The proposed tables for financial assets, liabilities, tangible and intangible fixed assets include details needed for calculating holding losses/gains. The reporting entity does not calculate the amount of such loss/gain but provides data for aggregation only. The loss/gain will be calculated by the Department after having received the aggregated data. The proposed tables were taken over into the consolidation pack.

3.5.1.7 Difference in movements of cash per B/S and per VPR

Frequently the Department, when analysing the aggregated data, identifies occurrences where the following consistency relationship does not hold between the B/S and the Budgetary statement:

$$OB_{BS(BA)} + R_{VPR} - E_{VPR} + BFT_{VPR} = CB_{BS(BA)}$$

where:

$OB_{BS(BA)}$	Sum of opening balances of bank accounts in the B/S
R_{VPR}	Receipts per VPR
E_{VPR}	Expenditures per VPR
BFT_{VPR}	Balance of financial transactions per VPR
$CB_{BS(BA)}$	Sum of closing balances of bank accounts in the B/S

We recommended to add this inter-statement consistency relationship to the obligatorily checked inter-statement relationships as defined in Instruction 1, appendix 5, section Checks and consistency relationships in budgetary and financial statements. The relationship is valid by analogy also for ISSP clients and their budgetary accounts where opening balances are Nil. Due to the fact that both the Balance sheet and Budgetary statements are components of the consolidation pack, there are conditions to implement such a check.

3.5.1.8 Inconsistencies in financial assets and liabilities per B/S and VPR

There are instances, especially in the statements of municipalities, where the Budgetary statement includes a transaction with loans or financial investments and, either there is no corresponding change in the B/S, or they are not reported at all. We recommended to check the relationship between the Budgetary statement and the accounting information for financial assets and liabilities using the notes to the financial assets and liabilities. The notes should not only explain in sufficient detail the changes in volume of financial assets and liabilities and changes in their valuation as explained in section 3.5.1.3, they should also separate the changes in volume between cash and non-cash accounting transactions. For example, if part of a loan is repaid in non-cash form in exchange for land of a municipality, or if a receivable is forgiven or written-off, it is useful to report in the notes the cash and non-cash transaction separately. The cash transaction can then be checked to the Budgetary statement using a relevant economic classification, e.g. expenditures on repayments of bank loans (economic classification 821004 + 821005), or when drawing a loan, receipts from received bank loans (economic classification 513). Movements in shares, etc. can be controlled by analogy.

For purposes of checking the logical consistency between the Budgetary statement and the accounting records, we designed the tables for financial assets, liabilities, tangible and intangible fixed assets to document in detail the consistency between relevant items of the economic classification, separating the financial flows into those related to the current accounting period and those related to other periods, with the accounts per framework chart of accounts, broken down further to analytical accounts as needed. If such tables are used to collect data for aggregation, it should be possible to automate these checks. We recommended to include them in the obligatorily checked inter-statements relationships, as the control in section 3.5.1.7. By including all these tables into the consolidation pack, conditions were created for implementing these checks.

3.5.1.9 *Complicated elimination of intra-sector receivables and payables for statistical consolidation*

Since no accounting consolidation is performed in the existing accounting systems of budgetary organisation / contributory organisations, it follows that no confirmation of mutual receivables and payables is carried out. This represents a significant problem for the statistical consolidation. The intra-sector/ receivables and payables are determined by the Department by a statistical investigation. Since the general government entities will be included in the accounting consolidation, this problem will be solved by confirming receivables/payables as part of the accounting consolidation process. The consolidation form will show receivables, payables and transactions item-wise per the whole-of-government entities. Using the master list of public administration entities, it will be possible to distinguish items belonging to the fiscal sector of the general government from those belonging only into the accounting whole-of-government, e.g. corporations of municipalities and of local governments.

3.5.2 *Proposed tables into notes to financial statements from the point of view of statistical reporting needs*

The ability of the new IS JÚŠ to electronically aggregate provided data in financial statements and notes enables to oblige accounting entities to submit detailed information in tabular form in their consolidation packs. Currently, only rows of financial and budgetary statements are aggregated in the information system of the State treasury ("ISŠP"). We designed the following tables: 1. Dividend income, 2. Statistical superdividend, 3. Financial assets, 4. Financial liabilities, 5. Tangible fixed assets, 6. Intangible fixed assets. These tables were included into the consolidation pack.

3.5.2.1 *Connection between budget and accounting*

The above-mentioned tables were redesigned to use the synergies of financial and fiscal reporting, see section 2.3. In order to improve quality of input data, emphasis was on logical consistency between financial and budgetary statements. The key principle is the relationship of budgetary receipts and expenditures to accounting costs, income, receivables and payables. This principle was applied in the tables so that a budgetary receipt / expenditure is allocated to an accounting transaction relevant by economic substance. Such an accounting transaction can, however, relate to

- a current accounting period - as expected in most cases, or,
- a prior or future accounting period - especially for accounting transactions recorded close to a period cut-off date.

This matter was incorporated into the proposed tables, although it expanded their size. We believe this tabular format facilitates understanding of the accrual basis of accounting to reporting accountants and contributes to proper recognition of accruals in the submitted data.

3.5.2.2 Break-down into the accounts per framework chart of accounts

For each proposed table, we provided a breakdown of reported economic category into the accounts per the framework chart of accounts that is a part of the proposed accounting methodology, or into analytical accounts if needed. A minimum structure of analytical records was created in this way that is sufficient to meet fiscal reporting needs. It was incorporated into the minimum chart of accounts in the consolidation pack.

The minimum structure of analytical records is understood as an information specification, not as a requirement on a reporting entity to create an analytical account with the shown description. The reporting entity may decide to use other grouping keys available in its IS to record separately accounting transactions belonging to one row of the minimum chart of accounts.

4 Long-term plan - Project sustainability

The goal of the long-term plan is to provide for sustainability of reached Project results after its termination. We recommend to adhere to the following plan, as shown per particular Project areas:

4.1 Účtovníctvo

Ďalší vývoj v oblasti metodiky účtovníctva bude ovplyvnený vývojom IPSAS, prehľbovaním synergie účtovného a fiškálneho výkazníctva a rozširovaním špeciálnych subjektov verejnej správy, ktoré vchádzajú do konsolidovanej a súhrnnej účtovnej závierky. Z dlhodobého pohľadu budú pracovníci MF SR plniť nasledujúce úlohy:

- naďalej sledovať vývoj IPSAS, reagovať na navrhované zmeny v IPSAS vydávané Medzinárodnou federáciou účtovníkov (IFAC) vo forme Exposure Draft,
- posudzovať potrebu implementácie ustanovení nových štandardov IPSAS do slovenských účtovných predpisov a eliminácie rozdielov medzi platnými IPSAS a slovenskými účtovnými predpismi,
- posudzovať potrebu zosúladenia účtovného a fiškálneho výkazníctva,
- usmerňovať špeciálne subjekty verejnej správy, ktoré vstúpia do konsolidácie verejnej správy v budúcnosti, o rozdieloch medzi postupmi účtovania a účtovou osnovou pre rozpočtové organizácie, príspevkové organizácie, štátne fondy, obce a vyššie územné celky a postupmi účtovania a účtovou osnovou, ktoré platia pre tieto špeciálne subjekty.

4.2 Consolidation

In the future, it is expected in the area of consolidation to gradually include special entities of the public sector that were excluded from the consolidation at this point of time, i.e. they were excluded from the consolidated financial statements and summary financial statements of the public administration.

Among special subjects that were excluded from the consolidation are:

- public universities,
- state funds,
- health insurance companies (only private ones; two state health insurance companies are included),
- Social insurance agency,
- Slovak Land Fund,
- Office for Health Care Supervision,
- Nation's Memory Institute,
- Slovak National Centre for Human Rights,
- Slovenská konsolidačná a.s.,
- Fund of National Property of the Slovak Republic,
- state enterprises.

Including them in the first years could be realised by setting an obligation to prepare a consolidation pack and by transforming their financial statements which have been prepared by these accounting entities based on the other accounting principles, to the financial statements prepared in accordance with accounting principles for budgetary organisations, contributory organisations, state funds, municipalities and local governments.

The obligation to prepare a consolidation pack will require to provide trainings on consolidation pack for the above-mentioned accounting entities to ensure correct filling-in of the consolidation pack.

In the future, the above-mentioned accounting entities (except for business entities and Fund of National Property of the Slovak Republic) will be subject to gradual amendments of existing accounting principles and of chart of accounts to eliminate differences between accounting principles and chart of accounts for budgetary organisations, contributory organisations, state funds, municipalities and local governments. These amendments can be performed in the form of gradual minor steps or in the form of one complex change of regulations. When performing the amendments, it will be necessary to take into account particularities and specific areas of the respective accounting entities.

Amendments of accounting principles for the above-mentioned accounting entities will require to provide training for accounting entities affected by the change.

4.3 Fiscal reporting

The key aspect in keeping the IPSAS Project benefits sustainable is the control over quality of data provided by the accounting entities in the consolidation packs. We assume that the data consistency checks within particular forms and also between them will be provided by IS JÚŠ. However, there can be a problem in too many rejections in the data validation process that will have to be resolved manually and on individual basis. It will be necessary to monitor the load on the Consolidation Dept. in solving logical errors in consolidation packs and in providing assistance in clearing confirmation differences. In case of need we hold for inevitable that the MF SR be prepared to strengthen the administrative capacity to ensure timely clearing of exceptions, and possibly also to increase authority of this Department for sake of disciplining the reporting entities.

There can be further development in the area of the financial and fiscal reporting methodology by expanding the synergies of the financial and fiscal reporting. The following 3 areas are especially topical:

- adjusting the accounting methodology to directly report the statistical sectors,
- ensuring full accounting-closing procedures for data needed for quarterly fiscal reporting,
- in cases where assets and liabilities are measured at current prices in accounting, to record separately the historical cost and subsequent valuation changes.

We see also a space for future development in the area of IS JÚŠ functionality for support to the fiscal reporting. A pre-condition is to create a mapping between the minimum analytical accounting records and statistical codes of GFSM2001 a ESA95, i.e. a an analogy of the mapping between budgetary statements and statistical codes. We recommend to work on such a mapping after gaining first experience with using the consolidation pack, if the reporting entities do not show symptoms of overload by reporting burden.

4.4 Organisation

The current proposal for processes ensuring data collection and preparation of the fiscal and financial statements of the public sector take into account the existing communication and data collection possibilities. Relevant sub-processes have been proposed to enable automation of the process to the maximum extent possible, considering expected further development.

Key weaknesses that impede further automation and simplification of the processes of fiscal and financial reporting include, particularly, a wide spectrum of communication channels that prevent unification of the system of data submission. This is particularly caused by the variety of entities included in the process of fiscal and financial reporting, and the different levels of IT systems applied. Therefore, we consider it a priority to focus on the long-term plan of implementation and further steps regarding “organization” of the unification and automation of data collecting.

4.4.1 Selection of a unified communication channel

A proper solution for this would be selecting a unified communication channel for data collection to meet fiscal and financial reporting needs; one that would take into account the diversity of public administration entities and the different levels of the IT systems used.

Examples are the Internet and electronic mail, as they offer several advantages that are key to the process. The main advantages include: speed of information submission, a unified form and structure of the information, and the possibility to automate all or part of the process of data submission. Disadvantages include insufficient spread of this channel at present.

In order to unify this process, it would firstly be necessary to identify the accounting units that do not have access to the Internet and electronic mail, and subsequently eliminate this shortcoming (by providing access, imposing an obligation to obtain access, etc.), or recommending an alternative method of data submission. The implementation phase of the fiscal and financial reporting described in the process handbook will include interim data collection on the accounting entity. The process will include collecting information that will help identify the ability to use the Internet and electronic mail. This will help provide an overview of how difficult it will be to implement unified data submission through the Internet or e-mail, and will identify those accounting entities that are not able to submit information through these channels.

Creating conditions for the implementation of a unified system of data submission for the needs of fiscal and financial reporting is a key step in the long-term implementation of reporting in the public administration sector.

4.4.2 Implementation of a unified system of data submission

A unified form of data submitted for the purpose of fiscal and financial reporting was proposed within the Project. This includes consolidation packages and unified IÚZ and KÚZ forms. The proposed unified form will allow for the automation of data processing and its import into IS JÚŠ. The system of data submission in the form of a unified consolidation package can be automated in several ways (set out in order, from the simplest to the most complex level of automation):

- Sending consolidation packages through electronic mail to the Datacenter. Datacenter staff will enter the information into the IS JÚŠ system. Subsequently, they will record that the entity met the filing requirement for the given accounting period in IS JÚŠ (codes of fiscal and financial reporting).
- Sending consolidation packages through electronic mail to the Datacenter. Datacenter staff will enter information from the consolidation package into IS JÚŠ using the export from file function. It will use a consolidation package sheet summarizing all data (designed for this purpose); the data imported into IS JÚŠ will automatically record that the submission obligation was met.
- The accounting entity will record the consolidation package directly to the IS JÚŠ system by
 - Filling in relevant forms on the public administration's intranet or extranet (transcription of information from the consolidation package to the on-line forms);
 - Data export function from the consolidation package, through forms created on the public administration's intranet or extranet.

The method of data transfer is key to simplifying and speeding up the process, considering the limited time for data submission. This area must be viewed as risky due to the number of and extent of public administration entities.

In the event of early input of data about each accounting entity in the IS JÚŠ system, the overall process of data submission can be altered and additional functionalities used, such as the simplification and centralisation of balance reconciliation, the automation and updating data about the accounting entity during the year, and other functionalities, depending on the functionalities implemented. This will give entities that are subject to fiscal and financial reporting additional possibilities for unification and optimization of the process.

4.4.3 Using IS JÚŠ system

The IS JÚŠ system, due to the extent of implemented functionality, can provide significant support in collecting data provided by accounting entities. The main benefit of it will be, however, the use for preparing the financial and fiscal statements because it includes, together with information on the whole-of-government structure, an extensive database needed to prepare financial and fiscal statements.

4.4.4 Administrative capacity for ensuring the consolidation proces at the MF SR

The MF SR acts as the organiser in the consolidation of public administration, however, from the administration point of view, this function has not been fully created. It is necessary to provide the Consolidation Dept. with sufficient capacity to complete pending tasks as they are defined in the process handbook for consolidation organiser.

4.5 Information technologies

The IS JÚŠ will be a backbone of the prepared process of the public administration consolidation. Depending on the implemented functionality, it will be possible to automate at varying level the process of preparing the statements, e.g. by providing aggregated data for particular consolidated groups or for whole-of-government, or enabling a cross-check and comparison of input data and thus significantly to reduce time and resources needed to prepare the statements. The decisive benefit of using this system should be a sufficient control over the data collection and processing. The system should be providing at any moment e.g. the following data:

- Number of entities that have provided their consolidation packs for a given quarter
 - in time or
 - in delay,
- automated identification of confirmation differences
 - by items
 - and by reporting entities,
- number of consolidation packs with subsequently detected errors, and separately with errors
 - corrected and
 - not corrected.

We recommend to follow these data also in time-trends and to take measures in case of unfavourable development.

At the time being, it is not possible to identify via IS JÚŠ those whole-of-government entities to confirm balances and transactions with. It is because the common database of IS JÚŠ is created by the consolidation pack data that do not yet include subledgers of the reporting entities. In future, we assume gradual increase in level of detail in the consolidation pack, and may not be unconcievable to include subledgers and fixed assets registers. This would significantly facilitate automation of balances and transactions confirmation. In connection with that, appropriate data protection will have to be provided for.

4.6 Training

We recommend to continue trainings in future, not just in connection with transition to the new accounting methodology based on the accrual principles per IPSAS, but also due to the need of permanent training of public administration employees.

We recommend to include into the scope of the MF SR trainings for the period November - December 2007 and years 2008 - 2009 the following trainings for accounting entities - budgetary organisations, contributory organisations, municipalities and local governments:

1. Foundation training with the subject "Accounting of the state and of the self-administration per the IPSAS principles" (estimated number of trainees: approximately 1 700).

Justification:

Within the EU project, 2891 trainees were trained in the key foundation training Accounting of the state and of the self-administration per the IPSAS principles. Within an additional course with the same subject, i.e. outside the Project, 3434 additional trainees were trained by the end of October 2007. However, the total number of accounting entities to apply the new accounting procedures and prepare non-consolidated financial statements in connection with the new accounting precedures is approximately 8000.

2. Preparing underlying documentation to prepare consolidated financial statemenets and the summary financial statements of public administration - consolidation pack (estimated number of trainees: 7200).

Justification:

In total, there are approximately 8000 accounting entities that will be filling in this consolidation pack, for the first time for 2009 (in spring 2010). Within the EU Project, 800 trainees were trained (by the end of October 2007).

3. Consolidated financial statements and summary financial statements of public administration (estimated number of trainees: approximately 1 200)

Justification:

In total, there are approximately 1130 accounting entities that will have obligation to prepare consolidated financial statements for 2009 (in spring 2010). These are approximately 1100 municipalities, 8 local governments and approximately 20 administrators of budgetary chapters. Except for this, there will be a need to retrain those MF SR employees who will be preparing the consolidated financial statements for the state-administration as a whole, and subsequently the summary financial statements of public administration.

4. IPSAS: new accounting methodology – non-consolidated financial statements (estimated number of trainees: 2 000)

Justification:

This will be a consultation training. We estimate a need for approximately 2000 trainees, from the total number of 8000 accounting entities.

5. IPSAS: new accounting methodology –consolidated financial statements (estimated number of trainees: 1000)

Justification:

This will be a consultation training. We estimate a need for approximately 1000 trainees.

4.7 Communication

For the benefit of successful completion of the transition to the accounting and reporting under the new accounting and reporting methodology, the communication with the public administration authorities and with the general public should continue in the future. In the short term to medium term horizon, attention should be paid in particular to receiving feedback on experience with the introduction of the new methodology, with the aim to identify potential errors and weaknesses thereof. The feedback should be further analysed and, if needed, the analysis should be reflected in subsequent amendments to the methodology.

An important area is also to continue the communication with the general public and with the affected entities in order to increase their awareness of the new methodology and of IPSAS.

4.7.1 Forms and targets of communication

The communication in the post-implementation phase is primarily focused on the users of the new methodology, i.e. on the affected entities, but also to broader professional and general public. In this phase, the informational and educational message of communication is important, since persuading the decision-makers on the need of the new methodology is no longer necessary.

Communication should therefore focus on the following areas:

- Setting up and operation of a Help Desk – operational unit for collection of information, suggestions, comments and questions on the new methodology and provision of basic advisory („Questions and answers“) on the new methodology to its users – this might take form of phone or e-mail communication,
- Organising specialised discussion seminar (conference) on the new accounting and reporting methodology with the participation of as broad a range of its users as possible; in terms of timing the second half of the year 2008 (e.g. September) might be a suitable, as the first practical experience with the application will be available, and at the same time there will be space to potentially amend the secondary legislation before the end of the year, with effect on the financial statements for 2008,
- Organising specialised discussion seminar (conference) on the new consolidated reporting methodology with the participation of as broad a range of its users as possible – with equivalent aim as in the previous indent; the timing should be at a time when first real-life experience with the consolidation under the new methodology is available.
- Interviews in print and electronic media,
- Articles in specialised print media intended for the public administration,
- Articles, or series of articles in specialised magazines in the area of accounting,
- Organising other professional seminars and conferences on IPSAS and new accounting, reporting and consolidation methodology in the public administration,
- Participation in professional seminars, such as Trend conferences, seminars of ZMOS/UMOS etc., presentation of results and practical experience with the implementation of IPSAS,
- Press releases – each seminar, conference and similar activity should be followed by issuing a short press release with the aim to inform the public on the activities performed and on conclusions adopted or on interesting discussion contributions.

4.7.2 Other communication activities

Information on the reform should continue to be published and regularly updated on the web site of MF SR, as well as on specialised web sites. Information on the reform, its progress and results of the implementation should also continue to be communicated towards international institutions, such as EU, OECD etc. Successful implementation of IPSAS may contribute to building and strengthening of image of Slovakia as a progressive and dynamic country.

5 Analysis of completing the Project activities

We provide analysis of completing the planned Project activities per terms of reference in the table below:

Activity	Status	Duration	Time-schedule met
1 Familiarize with existing migration strategy to accrual accounting and updating it, if needed, according to progress and results of other PFMR projects;	Completed	by 3 Apr. 06	yes
2 Prepare report on significant deviations from approved strategy and proposing necessary changes to migration plan;	Completed The report was included in the Inception report, including the adjusted migration plan. It resulted into this Project activity plan, i.e. activities 1-19 in this table, used for evaluating progress of the Project.	by 3 Apr. 06	yes
3 Familiarize with existing primary and secondary accounting legislation including the legislation in the process of preparation;	Completed The Project team familiarised with the relevant legislation in the inception phase of the Project. We provide more details in section 2.1.1.	Mar. 06 - Aug. 06	yes
3a Validate the new accounting methodology by Provider;	Completed The Project team assessed the new accounting methodology prepared by the MF SR. Our comments were mostly incorporated. We provide more details in section 2.1.2.	Mar. 06 - Aug. 06	yes
4 Prepare report on significant deviations from approved strategy of legislation changes and proposing necessary changes in the new accounting legislation;	Completed We provide more details in section 2.1.2.	by 3 Apr. 06	yes
4a Prepare wording of Act on Accounting amendment for IPSAS consolidation;	Completed The draft amendment of the Act on Accounting to IPSAS consolidation was submitted and passed commenting by the MFSR. The amendment subsequently passed in the legislative process and is valid.	Apr. 06 - Aug. 06	yes
5 Familiarise with all other relevant reports of PFMR project;	Completed The Project team familiarised with relevant reports of PFMR project, including outputs of previous advisor, in the inception phase of the Project.	by 3 Apr. 06	yes
6 Familiarize with existing fiscal and financial reporting systems focusing on preparing reports in compliance with Slovak accounting standards for public sector, ESA95 and GFS2001, where it is necessary to ensure that all institutions and units involved in this process be included for assessment;	Completed The Project team familiarised with these systems in the inception phase of the Project. The scope of entities included to system assessment was agreed with the MF SR.	by 3 Apr. 06	yes
7 Prepare draft report on identified strengths and weaknesses of existing systems, where it is necessary to take into account application of Slovak public sector accounting standards, ESA95, GFS2001 and all existing methodological problems, existing competence framework and existing support by information systems;	Completed The Project team elaborated the Report on strengths and weaknesses of the existing financial and fiscal reporting framework. We provide the final analysis of impact of the IPSAS Project on the identified strengths and weaknesses in section 3	Aug. 06	yes

Activity	Status	Duration	Time-schedule met
8 Prepare the design of new financial and fiscal reporting systems focusing on preparing reports in compliance with new accounting legislation, ESA95 and GFS2001, where the design must be fully consistent with and linked to the overall PFMR project and it should include: <ul style="list-style-type: none"> - description of all sub processes necessary for preparing statements, - competence framework (specification of all entities involved into statements preparation, - proposed changes to methodology application, - proposed changes in the information systems support, - time-schedule of implementing the proposed fiscal and financial reporting systems focusing on preparing statements in compliance with national accounting procedures, ESA95 and GFS200; 	Completed The design of new financial and fiscal systems is included in process handbooks for consolidation. Comments of the MF SR were incorporated therein. We describe this area in more details in section 1.2 with analysis of completing the goal 3. There were no changes in applying the methodology since the methodology will be applied in 2008 for the first time.	Sep. 06 - June 07	yes
8a(original) Validation of the new consolidation methodology;	Substituted by new activity 8a The reason for substitution is provided below this table.	Oct. 06 - June 07	
8a(new) Drafting the new consolidation methodology;	Completed The Project team elaborated the methodical handbook to consolidation, the comments of the MF SR were incorporated.	Oct. 06 - June 07	yes
9(original) Testing and assistance with implementing new fiscal and financial reporting systems per approved design, focusing on preparing statements in compliance with new Slovak accounting legislation, ESA95 and GFS2001, including the following: <ul style="list-style-type: none"> - assistance with coordinating activities needed to prepare statements for 2006 and 2007 (identification of data submitted by each public sector entity for reporting needs, data-submission time-schedule, data collection system), - assistance with preparing statements for 2006 and 2007 in compliance with new Slovak public sector accounting legislation (general purpose financial statements), ESA95, GFSM2001. 	Substituted by new activity 9a The reason for substitution is provided below this table.	Oct. 06 - Oct. 07	
9(new) Assistance in coordinating activities needed to prepare statements for 2006 (identification of data submitted by each public sector entity for reporting needs, data-submission time-schedule, data collection system) and assistance in preparing the following statements: <ul style="list-style-type: none"> - statements for 2006 prepared in compliance with ESA95, - statements for 2006 prepared in compliance with GFSM2001 - Closing account of the State for 2006 - Consolidated financial statements for the budgetary chapters of the MF SR for 2006 	Completed See analysis of goal 1.2b completion in section 1.2.	Oct. 06 - Oct. 07 by Mar.07 by Aug.07 Mar.-Apr. 07 dec. 06-máj 07	yes yes yes yes yes
10(original) Prepare reports on findings identified during testing and implementation process, design changes in proposed processes, competencies, methodologies and system support;	Substituted by new activity 10 The reason for substitution is provided below this table.	Oct. 06 - Oct. 07	

Activity	Status	Duration	Time-schedule met
10(new) P Prepare the following outputs from the activities stated in point 9:	Completed.		yes
- draft of a new structure of the closing account of the State (retaining original sections, including summary financial statements of the State, proposing internal structuring of the closing account of the State also per users), including drafts of amendments of related legislation pending the closing account of the State, closing account of the public administration and annual report of public administration entities,	The Project team drafted a new structure of the closing account of public administration. We provide more details in section Error! Reference source not found..	June 07	yes
- concrete recommendations for improving work organisation during summarising and processing ESA95 statements,	Recommendations are included in process handbooks for consolidation, see section 2.3.4.	June 07	yes
- concrete recommendations for improving work organisation during summarising and processing GFSM2001 statements,	Recommendations are included in process handbooks for consolidation, see section 2.3.4.	Oct. 07	yes
- concrete recommendations for improving work organisation during preparing the consolidated financial statements for the MF SR budgetary chapters.	The Project team provided assistance within the project of pilot consolidation of MF SR which was described in the Report on pilot consolidation report. We provide more details in section 2.2.	June 07	yes
11 Design of operating manuals for systems of fiscal and financial statements focused on statements for the year 2006 in compliance with new Slovak accounting legislation, ESA95 and GFS2001 consisting of:	Completed Process handbooks for consolidation were prepared and MF SR comments incorporated. See analysis of competing goal 1.4 in section 1.2.	Oct. 06 - Oct. 07	yes
- reporting data submission rules for all public sector entities (data types, submission time-schedule, submission form, etc.),			
- roles and responsibilities of all public sector entities and dedicated units responsible for preparing statements, and			
- summary of procedures to be carried-out in the process of statements preparation (data aggregation, elimination, statements adjustments, statements submission, etc.).			
12 Updating of operating manuals for fiscal and financial reporting focused on 2007 statements prepared in compliance with new Slovak accounting legislation, ESA95 and GFSM2001;	It was not be possible to carry-out the activity due to delayed passing of the needed legislation. The Project budget was decreased for costs planned to complete this activity.		
13 Assessment of "Analysis of need for training activities and of recommendations to the training plan" prepared by other PFMR consultants;	Completed On basis of this assessment, the trainings were divided into 2 levels: foundation trainings and continuation trainings, in compliance with the training plan.	Mar. 06 - Aug. 06	yes
14 Posúdenie činností vykonaných MF SR v účtovnom vzdelávaní za posledné dva roky;			yes
15 Príprava detailného plánu vzdelávania na roky 2006-2007 pre zamestnancov štátnej správy a samosprávy, ktorý musí obsahovať:	Completed Activity was completed in 3 stages:		yes
- využitie novej účtovnej metodiky a s ňou súvisiacich účtovných postupov pripravených MF SR na akruálnej báze,	1. training plan for foundation of accrual accounting,	Mar. 06 - July 06	yes
- využitie nových systémov fiškálneho a finančného výkazníctva;	2. training plan for detailed trainings on accrual accounting per approved legislation,	Sep. 06 - Oct. 06	yes
	3. detailed training plan on consolidation The above detailed training plans were prepared by the Project team and approved by the MF SR. We provide the description within analysis of completing the goal 1.5 in	Nov. 06 - May 07	yes

Activity	Status	Duration	Time-schedule met
	section 1.2.		
16 Preparing relevant study handbook and materials to be used for training activities and for distribution to trainees;	Completed The Project team prepared the training materials for: 1. foundation training „Foundations of accrual accounting“, 2. foundation training „Accounting of the state and of the self-administration per the IPSAS principles“, 3. continuation training „Consolidation pack“, 4. continuation training „Consolidated financial statements“, 5. continuation training „IPSAS“.	Apr. 06 - Oct. 07	yes
17 Training of selected set of employees of state administration and self-administration according to training plan.	1. Delivering the Accrual accounting foundation training - completed, 2. Delivering the detailed accounting trainings - completed, 3. Delivering the consolidation training - completed 4. Delivering the IPSAS training - completed Evaluation of trainings is provided in section 2.6.6.	Aug. 06 - Oct. 06 Nov. 06 - Oct. 07 June 07 - Oct. 07 Sep. 07 - Oct. 07	yes yes yes yes
18 Ongoing external communication	Completed The overview of performed activities is provided in section 2.7	Apr. 06 - Oct. 07	yes
19 Preparing long-term plan, including the following: - elaborating the recommended model for functioning of the assistance service, i.e. helpdesk for reporting accountants, - assessing the need and the form of permanent education of public administration employees involved in fiscal reporting at all levels.	Completed The long-term plan is provided in section 4 in structure per particular Project areas.	Oct. 07	yes

A need for amending the activities 8a, 9, 10, 19 occurred during the reporting period due to slower legislation passing process than assumed in the original Project time-schedule. The modified activities fully contribute to reaching the Project purpose.

It was not possible to carry-out the Activity 12 since the legislative conditions were not met and the 2007 statements will not be prepared in compliance with the new methodology. Non-delivery of this activity has no impact on achieving the overall Project goal. The Project budget was decreased for the cost of completing this activity.

We present below comparison of the original and of amended activities:

Original activity	Modified activity
8a Validation of the new consolidation methodology;	Drafting the new consolidation methodology;

Original activity	Modified activity
<p>9. Testing and assistance with implementing new fiscal and financial reporting systems per approved design, focusing on preparing statements in compliance with new Slovak accounting legislation, ESA95 and GFS2001, including the following:</p> <ul style="list-style-type: none"> - assistance with coordinating activities needed to prepare statements for 2006 and 2007 (identification of data submitted by each public sector entity for reporting needs, data-submission time-schedule, data collection system), - assistance with preparing statements for 2006 and 2007 in compliance with new Slovak public sector accounting legislation (general purpose financial statements), ESA95, GFSM2001; 	<p>Assistance in coordinating activities needed to prepare statements for 2006 (identification of data submitted by each public sector entity for reporting needs, data-submission time-schedule, data collection system) and assistance in preparing the following statements:</p> <ul style="list-style-type: none"> - statements for 2006 prepared in compliance with ESA95, - statements for 2006 prepared in compliance with GFSM2001 - Closing account of the State for 2006 - Consolidated financial statements for the MF SR budgetary chapters for 2006
<p>10 Prepare reports on findings identified during testing and implementation process, design changes in proposed processes, competencies, methodologies and system support;</p>	<p>Prepare the following outputs from the activities stated in point 9::</p> <ul style="list-style-type: none"> - draft of a new structure of the closing account of the State (retaining original sections, including summary financial statements of the State, proposing internal structuring of the closing account of the State also per users), including drafts of amendments of related legislation pending the closing account of the State, closing account of the public administration and annual report of public administration entities, - concrete recommendations for improving work organisation during summarising and processing ESA95 statements, - concrete recommendations for improving work organisation during summarising and processing GFSM2001 statements, - concrete recommendations for improving work organisation during preparing the financial statements for the MF SR chapter.
<p>19 Preparing long-term plan</p>	<p>Preparing long-term plan, including the following:</p> <ul style="list-style-type: none"> - elaborating the recommended model for functioning of the assistance service, i.e. helpdesk for reporting accountants, - assessing the need and the form of permanent education of public administration employees involved in fiscal reporting at all levels.

6 Financial report

In compliance with article 14.3 of the general contractual terms we provide information on the use of finance for the contract execution, i.e. information on

- the number of worked days by persons utilised by the Provider to deliver the contract (tables 1a, 1b),
- ancillary costs spent for the contract execution (tables 2a, 2b).

During the course of the Project, a subcontract was concluded with the University of Pavol Jozef Šafárik in Košice to deliver training logistics service. Also, contracts were concluded with 2 additional lecturers Ing. Mária Braníková and Ing. Terézia Urbanová in order to ensure trainings in the extent required by the MF SR.

Table 1a: Overview of used days per individual experts in the period of 02/2006-10/2007 per contract amendment of Augusta 2007

No	Expert	Allocated days	Used days									
			03/06	04/06	05/06	06/06	07/06	08/06	09/06	10/06	11/06	12/06
1	Richard Farkaš	220	17,00	16,00	18,00	18,00	14,00	17,00	14,00	11,00	11,00	7,00
2	Karol Švitel	179	0,00	18,00	13,00	13,00	11,00	9,50	11,00	11,00	10,00	11,00
3	Viliam Kitta	220	17,00	14,00	13,00	9,25	14,00	11,56	9,69	14,94	10,31	8,00
4	Branislav Ďurajka	220	17,00	13,00	16,00	18,00	14,00	16,00	18,00	21,00	16,00	14,00
5	Mikuláš Zalai	220	8,00	3,56	4,56	10,06	7,38	2,63	1,88	4,19	4,59	13,00
6	Antónia Kovalčíková	200	9,00	10,00	8,00	12,00	15,00	17,00	15,00	18,00	18,00	14,00
7	Alena Kordošová	200	9,00	10,00	11,00	10,00	12,00	14,00	16,00	22,00	16,00	14,00
11	Mária Braníková	70	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
12	Terézia Urbanová	70	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
8	Karim Mouedden/Hans Vergehhen	35	3,13	5,91	4,81	1,25	0,00	2,00	2,00	0,00	0,00	0,00
14	Tomáš Kuča	60	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
9	Ivan Kupkovič	220	12,75	12,63	9,63	9,50	6,75	12,13	12,50	10,88	9,63	8,88
10	Katarína Somogyiová	220	11,00	13,00	9,50	16,00	20,00	23,00	15,00	13,00	11,00	1,00
13	Alena Šranková/Martin Dubeň	220	13,00	12,00	12,00	12,00	3,00	0,00	0,00	2,75	3,75	1,25
	Total	2354	116,88	128,10	119,50	129,06	117,13	124,82	115,07	128,76	110,28	92,13

No	Expert	Used days										
		01/07	02/07	03/07	04/07	05/07	06/07	07/07	08/07	09/07	10/07	Spolu
1	Richard Farkaš	10,00	6,00	5,00	5,00	4,00	3,00	11,00	17,00	12,00	4,00	220,00
2	Karol Švitel	10,00	10,00	15,00	10,00	11,00	5,00	4,00	4,00	2,50	0,00	179,00
3	Viliam Kitta	4,13	1,38	4,38	7,50	12,19	7,75	6,69	2,44	13,06	8,44	189,00
4	Branislav Ďurajka	18,00	19,00	2,00	1,00	2,00	1,00	4,00	2,00	6,00	2,00	220,00
5	Mikuláš Zalai	17,00	18,38	13,75	14,44	16,31	15,75	14,63	19,25	14,69	16,06	220,00
6	Antónia Kovalčíková	13,00	6,00	4,00	4,00	9,00	6,00	9,00	9,00	4,00	0,00	200,00
7	Alena Kordošová	16,00	6,00	10,00	3,00	9,00	6,00	3,00	9,00	4,00	0,00	200,00
11	Mária Braníková	4,00	8,00	3,00	8,00	11,00	9,00	4,00	6,00	12,00	5,00	70,00
12	Terézia Urbanová	4,00	7,00	7,00	7,00	7,00	10,00	6,00	9,00	6,00	7,00	70,00
8	Karim Mouedden/ Hans Vergehhen	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	5,00	24,00
14	Tomáš Kuča	0,00	0,00	0,00	2,00	2,00	2,63	21,00	21,38	4,50	6,25	59,00
9	Ivan Kupkovič	12,00	8,13	4,50	3,88	2,25	11,50	14,25	12,88	19,00	19,50	213,00
10	Katarína Somogyiová	2,25	12,38	5,00	6,00	21,00	6,00	0,00	15,25	9,75	9,88	220,00
13	Alena Šranková/Martin Dubeň	13,38	4,25	3,38	6,75	9,00	6,88	17,25	20,25	14,75	12,88	168,00
	Total	123,76	106,52	77,01	78,57	115,75	90,51	114,82	147,45	122,25	91,01	2 252,00

Table 1b: Costs related to the worked time

Budget in SKK	Used at 27 Oct. 2007 in SKK	Balance in SKK
46 859 148,00	44 752 696,00	2 106 452,00

Table 2a: Ancillary costs per the budget in total

Budget in SKK	Used at 27 Oct. 2007 in SKK	Balance in SKK
9 166 015,00	9 063 757,50	102 257,50

Table 2b: Ancillary costs per the budget in detail

Invoice	Used at	Amount in SKK	Item description
10801	31.3.2006	7 200,00	Translations
Receipt	13.7.2006	4 557,50	Training room equipment
3060000100	31.8.2006	188 000,00	Training logistics
3060000143	30.9.2006	235 000,00	Training logistics
3060000233	31.10.2006	47 000,00	Training logistics
3060000313	15.12.2006	84 000,00	Training logistics
3070000056	31.1.2007	318 000,00	Training logistics
3070000109	28.2.2007	672 000,00	Training logistics
3070000195	30.3.2007	672 000,00	Training logistics
3070000271	30.4.2007	504 000,00	Training logistics
3070000392	31.5.2007	840 000,00	Training logistics
3070000511	29.6.2007	840 000,00	Training logistics
3070000587	31.7.2007	700 000,00	Training logistics
3070000688	31.8.2007	1 372 000,00	Training logistics
3070000733	31.8.2007	450 000,00	Training logistics - additional printing
3070000784	28.9.2007	1 402 000,00	Training logistics
3070000919	29.10.2007	728 000,00	Training logistics
Total		9 063 757,50	

All expenditures in the table 2b were approved by the MF SR in compliance with the contract on providing services concluded on 27 February 2006.