



Cyprus Public Sector Developments in Accounting Practice

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Accounting practice in

- Government
- Local authorities
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Government

- Cash basis of accounting until the financial year 2003
- Since 2004, modified cash basis
- The main modifications concern the following:
 - The capitalisation of the balances of Sinking Funds, Loans granted by the Republic, Borrowings and Investments,
 - Their inclusion on the Statement of Assets and Liabilities and

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Local authorities

- Municipalities:
 - Municipal Law 1985
 - Basis of accounting of accrued income and expenses and of historical value
 - IFRS
- Community Boards:
 - Law for Communities 1999
 - According to the proper accounting principles and standards
 - Cash basis of accounting in practice

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Public Corporate Bodies

- Organisations established under their own legislation, which also specifies the role of the government in their management and operations, and have their own budget which is approved by the House of Representatives
- Public Corporate Bodies (Audited Accounts) Law 1983
- No provision for the basis of accounting
- Not always require the adoption of the accrual principle and / or proper internationally acceptable accounting standards
- IFRS widely used in practice

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Special Funds

- Special purpose public entities
- Separate legislation for the establishment of each special fund
- No provision for the basis of accounting
- Adoption of IPSAS cash basis since 2008


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Private entities controlled by the Government


- Same accounting practice as the private entities
- Companies Law, Cap. 113
- Use of IFRS since 1981

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Financial Report






ΚΥΠΡΙΑΚΗ ΔΗΜΟΚΡΑΤΙΑ
REPUBLIC OF CYPRUS


ΔΗΜΟΣΙΟΝΟΜΙΚΗ ΕΚΘΕΣΗ
FINANCIAL REPORT

2009



ΜΕΡΟΣ Α: ΟΙΚΟΝΟΜΙΚΕΣ ΚΑΤΑΣΤΑΣΕΙΣ
PART A: FINANCIAL STATEMENTS

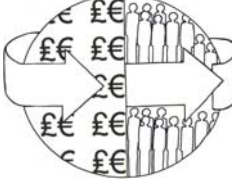
ΓΕΝΙΚΟ ΛΟΓΙΣΤΗΡΙΟ ΤΗΣ ΔΗΜΟΚΡΑΤΙΑΣ
TREASURY OF THE REPUBLIC



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ΜΕΡΟΣ Β: ΥΛΟΠΟΙΗΣΗ ΠΡΟΫΠΟΛΟΓΙΣΜΟΥ
PART B: BUDGET EXECUTION

ΓΕΝΙΚΟ ΛΟΓΙΣΤΗΡΙΟ ΤΗΣ ΔΗΜΟΚΡΑΤΙΑΣ
TREASURY OF THE REPUBLIC

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Financial Report



- Requirement by the Constitution and the Law for the management of revenues and expenditure: Prepared by the Accountant General → Submitted to the Council of Ministers for approval through the Minister of Finance → Laid before the Parliament by 31st March following the financial year
- Subject to an audit by the Auditor General of the Republic
- Auditor's report not included; included in the Annual Report of the Auditor General (issued within the last quarter following the financial year)

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Budget

- Budget accounting system, i.e. account codification based on budget vote codification
- Pure cash budgeting
- No plans for transition to accrual budgeting, in the near future

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Current developments

- Transition to accrual accounting
- Program based budgeting
- Enterprise Resource Planning (*ERP*) system
- Public fixed asset registers

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Transition to accruals

- Strategic study prepared by the Treasury (2009)
- Objective, advantages, disadvantages, benefits, challenges included
- Suggestion for a staged approach to be followed for the implementation of modified accrual basis
- Concerns by the Auditor General and the Commissioner of Internal Audit
- Agreement for the preparation of a detailed action plan for the adoption of IPSAS

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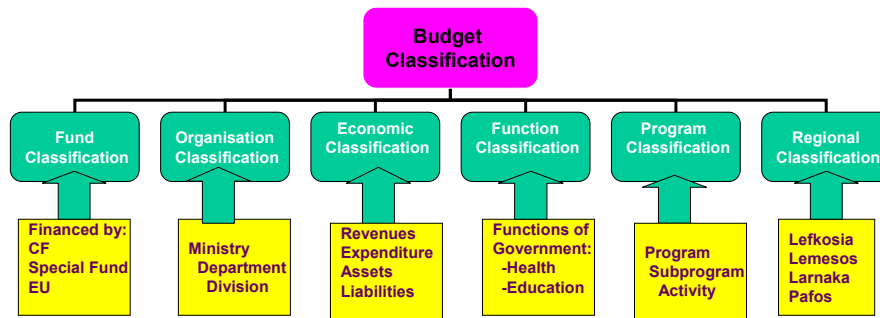
Program based budgeting

- Council of Ministers decision (2006)
- To be fully implemented in 3 phases
- Shift from the control of inputs to the management of outputs/ performance
- Zero based budgeting rather than incremental

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Program based budgeting



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Enterprise Resource Planning System (*ERP*)

- Project: acquisition of an ERP system for the Cyprus Government
- Scope: Provision of understandable, better and useful information for decision making and effective management of public resources
- Coverage:
 - Financials
 - Business Management
 - Financing
 - Personnel Administration (including payroll and pensions)
 - Interfaces with other systems

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Enterprise Resource Planning System (*ERP*)

- Completion of the preparation of the project requirements in February 2010
- Public consultation expected to be completed and tender procedures expected to be initiated during 2011
- Expected duration of the implementation: 30 months
- Expected financial year to be utilised: 2014 or 2015

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Public fixed asset registers

- Computerised electronic registers of movable fixed assets from 1/1/2012
- Information on both quantity and values
- To be completed within at least 5 years

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Thank you for your attention.