



CONCEPTUAL CONVERGENCE OF ROMANIAN ACCOUNTING WITH INTERNATIONAL ACCOUNTING STANDARDS FOR THE PUBLIC SECTOR IN THE FIELD OF TANGIBLE ASSETS/FIXED ASSETS

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Abstract

The present paper analyzes, in conceptual terms, the extent to which the IPSAS 17 public sector accounting standard has been implemented in the national law. The definition of concepts and their implementation in national legislation is of particular importance in the desire of international regulatory bodies to create a common language at international level and for public institutions, not only for private ones. We therefore believe that this approach must be based on a rigorous analysis of the concepts used. Without being exhaustive, the paper analyzes the specific terminology of tangible assets / fixed assets only, from the perspective of the international and national accounting referential, incident to the present theme.

Keyword: public sector, IPSAS, EPSAS, national regulations, accounting harmonization.

JEL Classification: H83, M41

I. Introduction

Romania's approach to integrate as a full member of the European Union has also led to changes in the level of accounting for public institutions. Thus, the accounting regulations for public institutions, approved by O.M.F.P. no. 1.917/2005, with subsequent

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amendments and completions, are based on the international view on public sector accounting and professional reasoning.

From this perspective, these regulations explicitly (clearly) or implicitly (to be understood) include elements of the International Public Sector Accounting Standards (IPSAS).

The adoption by governments of IPSASs aims to improve “the quality and comparability of financial information reported by public sector entities around the world” (Crişan, 2017). “It will also strengthen the management of public finances, which will lead to assessments of resource allocation decisions by better-informed governments, thus increasing their transparency and accountability”.

In the current context at European level, it is envisaged to develop a harmonized accounting framework that responds” to the specific needs of the public sector in the Member States” (Tiron-Tudor & Crişan, 2017). From this perspective, the European Commission develops its own accounting rules, called the European Public Sector Accounting Standards (EPSAS), based on IPSAS.

Given that Romania is a member of the European Union, then the accounting of public institutions will have to comply with the European requirements, thus aiming to become familiar with IPSAS specific concepts and accounting reasoning.

Tangible assets are regulated at international level by IPSAS 17 “Property, Plant and Equipment” - “Tangible Assets”.

The similarities and differences between IPSAS 17 and O.M.F.P no. 1917/2005 regarding the accounting for tangible assets refer to the following aspects:

- Defining concepts;
- Recognition;
- Initial costs;
- Subsequent costs;
- Evaluation on recognition;
- Evaluation after recognition;
- Impairment;
- Depreciation;
- Presentation of information.

From the above, we will only stop at the comparative analysis of concepts from an international and national perspective.



II. Comparative aspects regarding the definition of the concepts

The main similarities and differences related to the reflection in the accounting of the tangible assets at international and national level that concern "Definition of concepts" are presented in the table below (Colectiv Rentrop & Straton, 2017):

Table 1- The definition of the concepts according to the international and national regulations - a comparative analysis

Analyzed elements	International regulations	National regulations	Identifying the concepts from IPSAS 17 existing in O.M.F.P.nr. 1.917/2005
Name	Tangible assets	Fixed tangible assets	Implicit
Definition	Body elements that: <ul style="list-style-type: none"> • are held in order to be used for the production or supply of goods or services to be leased to third parties or to be used for administrative purposes; and • it is expected to be used over several reporting periods. 	Object or complex of objects used as such that are cumulatively meeting the following conditions: the entry value greater than the limit set by the Government decision and a normal period of use greater than one year.	Partially implicit
Patrimony assets	“They are patrimony assets due to their cultural, historical or environmental significance. Examples of patrimony assets include buildings and historical monuments, archaeological sites, conservation areas and natural reserves and works of art. Patrimony assets often have certain characteristics, including those listed below: a) Their value in cultural, environmental, educational	Goods that by their nature are of national use or interest. For example, the following goods are part of the state's public property: <ul style="list-style-type: none"> - the wealth of any kind in the soil, in the state of deposits; - national parks; nature reserves and natural monuments; - statues and monuments declared to be of national public interest, -historic and archaeological ensembles and sites; 	Explicit



Table 1- Cont.

Patrimony assets	<p>“ and historical terms is unlikely to be fully reflected in a financial value based only on market prices”.</p> <p>b)“Legal and/or statutory obligations may impose prohibitions or severe restrictions on disposal by sale”.</p> <p>c) “They are often unstoppable, and their value may increase with the passage of time, even if the physical condition deteriorates”.</p> <p>d) Estimating their useful life may be difficult, in some cases it may be several hundred years.</p>	- museums, art collections declared to be of national public interest, etc.	
A class of tangible assets	“A grouping of assets of a similar nature or function in the entity's operations, which is presented as a single item for the purpose of disclosing information in the financial statements”.	-	No
Accounting value	The value at which an asset is recognized after deducting the cumulative impairment and the accumulated losses from depreciation	The value of accounting registration of the fixed asset at the entry date into the public institution	No
The depreciable value	The cost of an asset, or another cost replacement, minus the residual value of the asset	The accounting value of the tangible fixed asset to be systematically recorded over its useful life	No
The value specific to the entity	“The present value of cash flows that an entity expects to derive from the continuing use of an asset and its disposal at the end of its useful life, or which the entity expects to incur in settling a liability”.	-	No
The recoverable value	The highest value of the fair value of a cash-generating asset minus the costs generated by selling and its value of usage	-	No
The recoverable value of the services	The highest of the fair value of a non-monetary flows generating asset minus the costs generated by selling and its value in use	-	No



Table 1- Cont.

Residual value	“The estimated value that an entity would currently obtain from the disposal of the asset after deducting the estimated disposal-related costs if the asset would already have the expected length and condition at the end of its useful life”.	-	No
Impairment	“Systematical allocation of the depreciable value of an asset over its useful life”.	-	No
“Useful life”	“The period in which an asset is expected to be available for use by an entity”. “The number of production units or similar units that an entity expects to derive from assets”.	“The period over which the depreciated asset is expected to be used”. “Established according to national regulations”.	Explicit
“A loss on impairment of a cash-generating asset”	“The value by which the accounting amount of an asset exceeds its recoverable value”.	-	No
“A loss on impairment of a non-monetary asset”	“The amount by which the accounting amount of an asset exceeds the recoverable amount of its services”.	-	No
Infrastructure assets	They generally present “some or all of the following characteristics: a) they are part of a system or network; b) they are specialized in nature and do not have alternative uses; c) are immobile; and d) they may be subject to constraints on disposal”.	-	No

Source: own elaboration

III. Conclusions

Considering the above, it is noticed that the process of convergence of Romanian public accounting in conceptual terms is a lasting one and that only some of the international regulations have been implemented in the national legislation.



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