

Harmonizacija proračunskog računovodstva u Republici Hrvatskoj s Međunarodnim računovodstvenim standardima za javni sektor

Harmonization of budgetary accounting in the Republic of Croatia with the International Public Sector Accounting Standards

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The book *Harmonization of budgetary accounting in the Republic of Croatia with the International Public Sector Accounting Standards*, in hard copy and on-line versions¹, is written by a team of authors², led by Vesna Vašiček, the team leader. This publication is the outcome of several years of effort by the group of researchers, in two scientific projects funded by the Ministry of Science, Education and Sports, Croatia³, and in scientific project financed by Croatian Science Foundation in period 2014-2018.⁴

International Public Sector Accounting Standards (IPSAS) were first published 18 years ago, and it is with this book that they are available for the first time in the Croatian language in complete form, including overall theoretical, historical and regulatory frameworks. The issue of budgetary accounting is extremely complex due to the many specificities of and differences among users – public sector entities, as well as because of the dynamics in modelling reporting that has to provide transparent information, defining and monitoring responsibilities of public management and compliance reporting at all levels. Therefore, budgetary accounting is still distant from full application of the accrual principle, the highest stage of the recognition and measurement of economic categories. IPSAS represent the backbone of the national government accounting harmonization on accruals, and its aim is to harmonize accounting standards in different countries, in such a way as to encourage the adoption of international accounting standards by national bodies and accounting authorities. IPSAS are also the starting point for the drafting of harmonized public sector accounting standards in the European Union or the so-called EPSAS (European Public Sector Accounting Standards).

The publication is structured in three chapters. The first chapter: *International and European accounting trends and current actualities* defines the up-to-date framework in which modern financial accounting is developing and adapting the application of full accrual-based accounting, and provides an overview of practical guidelines, advisory studies and guidelines of bodies and institutions acknowledged as international standard setters. The second chapter: *Historical development and harmonization of the Croatian model of national governmental accounting with the international framework* outlines key phases of the Croatian national accounting system and the current model of the application of the modified accrual principle. It also outlines the short shortcomings of the model and necessary paths for the upgrading of the current accounting system, as well as

¹ Available at: <<http://www.tim4pin.hr>> and <<http://web.efzg.hr/dok/HRZZprojekti/Vasicsek//KB%2013052015.pdf>>.

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³ (1) No. 081-0811272-1274, *The concepts and methods for public sector financial accounting in Croatia*, and (2) No. 067-0811272-1074, *The perspectives of the implementation of managerial accounting in Croatian public sector*.

⁴ Project no. 8509, *Accounting and financial reporting reform as a means for strengthening the development of efficient public sector financial management in Croatia*. One of this project's subthemes and goals is precisely to address the need and ability to pursue budgetary accounting reform in Croatia, implying the accrual accounting basis and IPSAS implementation, with the aim of creating quality accounting/financial reporting systems and sound public sector financial management.

constraints in its transformation. The second chapter also addresses specific areas and measures that need to be further developed in order to improve the overall national governmental accounting information system. Chapter three: *An overview of International Public Sector Accounting Standards* contains summary translation and interpretation of 32 standards grouped by thematic areas of IPSAS application, describing the standards' "general features, their objectives, scope, selected guidelines and specifics of their application". The publication provides a summary of selected provisions of IPSAS outstanding at 31 December 2014, in which the authors used the Handbook of International Public Sector Accounting Pronouncements (2014) publicly available on the IFAC (International Federation of Accountants) website, as the basis for the overview. IPSAS have not previously been available and presented to the wider public in Croatian in such a concise form.

This book will help all those interested in getting to know the basic guidelines, definitions, rules of measurement, recognition, and disclosure of the accounting categories tailored to the specificities of the public sector. The publication is intended for all stakeholders in the upcoming national accounting reform process, and all those who deal with practical problems of accounting and financial reporting in the public sector: accountants, persons in public management, internal auditors, state auditors, financial professionals, financial analysts, statisticians and others. It is also intended for students at faculties of economics and business schools, and other faculties whose study programs include public finance, public administration and accounting. It is also an important theoretical foundation for the study of the discipline of accounting.