DOI: https://doi.org/10.24818/cike2024.36
UDC: [657.446:334.012.33](478)

PARTICULARITIES OF EXPENSE ACCOUNTING IN BUDGETARY INSTITUTIONS

GEORGETA MELNIC
PhD, Associate Professor
Academy of Economic Studies of Moldova
Chișinău, Republic of Moldova
melnicgeorgeta@mail.ru
ORCID ID: 0000-0003-3876-5394

ANGELA POPOVICI
PhD, Associate Professor
Academy of Economic Studies of Moldova
Chișinău, Republic of Moldova
popovici.angela.alexandru@ase.md
ORCID ID: 0000-0002-8844-0304

Abstract: This article addresses the specific and problematic aspects related to the accounting of expenses in budgetary institutions in the Republic of Moldova. The expenses of budgetary institutions represent economic and social relations in monetary form, manifesting between the state, on one side, and individuals and legal entities, on the other side, during the allocation and utilization of the state's financial resources to fulfill its functions. The expenses of budgetary institutions materialize in payments made by the state from resources mobilized through various means, for the purchase of goods or services necessary to achieve the various objectives of state policy: general public services, socio-cultural actions, military maintenance, and activities in the economic field, among others. These expenses are categorized according to the functional classification into parts, chapters, subchapters, and paragraphs, and according to the economic classification into titles, articles, and sections. Public administration has two major responsibilities: to provide public goods and services, and to redistribute income and wealth through transfers. These responsibilities are generally fulfilled through the expenses of budgetary institutions.

The accounting of expenses in budgetary institutions in the Republic of Moldova is regulated by the following categories of legislative and normative acts: the legal framework underlying the activity and accounting records, and the legal framework underlying the registration of expenses related to the activities of budgetary institutions. The classification of expenses in budgetary institutions and their accurate accounting is important for measuring the allocation of publicly funded sectors, ensuring the possibility of verifying compliance with legislative authorizations, reviewing policy and performance analysis, and for the daily administration of the budget.

Keywords: budgetary institutions, expenses, personnel expenses, expenses for goods and services.

Jel Classifications: M 40, 41

Introduction

Public administration, in any society, whether classical or modern, represents an indispensable instrument of the state in achieving major objectives determined by it, in realizing political values established through legal acts, with the aim of satisfying the general interest through the actions of public authority. These actions signify attracting as many economic agents as possible to its territory to collect more revenues for the budget, in order to meet the daily needs and demands of citizens.

The tools at the state's disposal for fulfilling its functions of resource allocation, income redistribution, and microeconomic stabilization are represented by the public budget, through its coercive force.

At the state level, the budget is an account that shows how much the state spends and how public expenditures are financed.

The centralized financial resources available to the state, through the components of the consolidated general budget, are primarily intended to finance the "public sector," which, according to Professor Gheorghe Manolescu, is defined as follows: "In this sense, it can be admitted that the public sector, or the state (as an economic agent), encompasses all activities, institutions, and organizations characterized by collective or political decision-making processes, within which the choice procedures are realized through the voting mechanism" (Manolescu, 1997). The main "consumer" of these public funds is, therefore, the public sector through its institutions.

Budgetary institutions—a category that includes the Parliament, Presidency, Government, ministries, the judiciary, and other specialized bodies of central and local public administration—ensure their financial resources, necessary to fund their maintenance and operation, largely from the state budget and local budgets. In this context, they are obligated to carry out all payment and receipt operations exclusively through the State Treasury, whose activity operates under state guarantee.

Unlike commercial companies and those autonomous in accounting terms, public institutions have the following particularities:

- They are not profit-oriented.
- They do not generate profit.
- The financing of current (operational) expenses and capital expenses (for investments) is fully ensured by the state budget, or from extra-budgetary revenues or funds with specific purposes.
- Revenues are composed of taxes, fees, and other revenues established by law.
- Amounts resulting from sales or the valorization of other goods constitute revenues for the state or local budget.
- Fixed assets resulting from investment expenses or received through transfers increase the fund of the invested assets in question.
- They have specific chart of accounts.
- Information carriers are both common and specific (documents with specific characteristics).
- They do not determine the cost of services to individuals but do calculate the cost of productive activities and the cost of service provisions with a productive nature.

The content of the research

The accounting of budgetary institutions ensures the recording of recognized rights, collected revenues, budgetary commitments, legal commitments, cash payments, and actual expenses, according to the subdivisions of the budget classification, in line with the approved budget and the methodological norms developed by the Ministry of Finance.

Budgetary expenditures – the total of approved payments in the budget/executed from the budget, excluding those related to financial assets and budget liabilities (Law on Public Finances and Budgetary-Fiscal Responsibility, 2014).

Budgetary expenditures are determined by the budgetary allocations specified in the annual budget laws/decisions and include personnel expenses, social benefits, purchases of goods and services, subsidies and transfers, debt servicing, expenses intended for the formation of fixed assets, and other expenses provided by law.

According to the Chart of Accounts for Budgetary Accounting and the Methodological Norms on Accounting and Financial Reporting in the Budgetary System, p.1.2, expenses represent "operations that reduce the net value of assets" and are reflected in Class 2 "Expenses" (Chart of Accounts, 2015).

Class 2 "Expenses" of the Chart of Accounts for Budgetary Accounting includes the following subclasses:

Table 1. Subclasses of Expenses and Their Characteristics

Subclass	Name	Purpose of Accounts
21	„Personnel expenses”	Intended to summarize information related to expenses for settlements with personnel, specifically employee compensation (base salary, salary bonuses, awards, material assistance) and other employee salary entitlements (compensations for meals, transportation, etc.), as well as mandatory insurance contributions and premiums.
22	„Goods and services”	Intended to summarize information regarding expenses for goods and services necessary for the operations of budgetary authorities/institutions.
23	„Expenses related to asset depreciation”	Intended to summarize information regarding expenses for the depreciation of fixed assets and the amortization of intangible assets over their useful operational life.
24	„Interest”	Intended to summarize information regarding expenses for the payment of interest on loans and state securities.
25	„Subsidies	Represent payments made to producing entities or service providers with the purpose of influencing production processes or delivery prices.
26	„Granted grants”	Represent transfers for specific purposes to governments of other states, international organizations, transfers to self-managed public institutions through their founding public authorities based on the provisions of normative acts, as well as transfers to other beneficiaries.
27	„Social benefits”	Intended to summarize information regarding expenses for social benefits made to protect the entire population or specific categories from certain social risks.
28	„Other expenses”	Intended to summarize information regarding expenses that are not reflected in subclasses 21-27.
29	„Transfers granted within the national public budget”	Intended to summarize information regarding settlements between budgets.

Source: based on Chart of Accounts for Budgetary Accounting and Methodological Norms on Accounting and Financial Reporting in the Budgetary System (Chart of Accounts, 2015).

The following will describe the account groups included in each expense subclass of the Chart of Accounts in the budgetary system:

Table 2. Composition of the Expense Subclasses of the Chart of Accounts in the Budgetary System

Subclass	Name	Included Account Groups
21	„Personnel expenses"	211 "Employee remuneration" 212 "Mandatory insurance contributions and premiums"
22	„Goods and services"	221 "Goods - expenses related to stock usage" 222 "Services"
23	„Expenses related to asset depreciation"	231 "Expenses related to the depreciation of fixed assets" 232 "Amortization of intangible assets"
24	„Interest"	241 "Interest paid on external debt" 242 "Interest paid on internal debt" 243 "Interest and other payments made for internal loans and loans re-credited within the budgetary system"
25	„Subsidies	251 "Subsidies granted to state and municipal enterprises" 252 "Subsidies granted to private enterprises" 253 "Subsidies granted to non-governmental organizations" 254 "Subsidies granted to self-managed public authorities/institutions"
26	„Granted grants"	261 "Grants awarded to the governments of other states" 262 "Grants awarded to international organizations" 263 "Grants awarded to beneficiaries within the country"
27	„Social benefits"	271 "Social insurance benefits" 272 "Social assistance benefits" 273 "Employer social benefits"
28	„Other expenses"	281 "Other current expenses" 282 "Other capital expenses" 289 "Other expenses of budgetary authorities/institutions"
29	„Transfers granted within the national public budget"	291 "Transfers between the state budget and local budgets" 292 "Transfers within the Central Consolidated Budget" 293 "Transfers between local budgets within the same administrative-territorial unit" 294 "Transfers between local budgets of different administrative-territorial units"

Source: based on Chart of Accounts for Budgetary Accounting and Methodological Norms on Accounting and Financial Reporting in the Budgetary System (Chart of Accounts, 2015).

Conclusions

According to current accounting regulations, the responsibility for organizing and managing accounting in budgetary institutions falls to the credit authorizer or another person obligated to manage the respective entity. Budgetary institutions organize and manage accounting in distinct departments, led by the economic director, chief accountant, or another authorized individual assigned to fulfill this role. These individuals must have higher education in economics and are responsible, together with their subordinate staff, for organizing and managing accounting in accordance with the law.

Individuals responsible for organizing and managing accounting in budgetary institutions must ensure, as required by law:

- The correct and up-to-date organization and management of accounting.
- The necessary conditions for preparing supporting documents related to transactions and economic events.
- The organization and execution of inventorying of asset and liability elements, including the evaluation of its results.
- Compliance with the rules for preparing financial statements and submitting them on time to the relevant authorities.
- The preservation of supporting documents, accounting records, and financial statements.
- The organization of management accounting according to the specific activities of the budgetary institution.

References

1. Law on Accounting No. 113-XVI of 27.04.2007. [online] Available at: https://www.legis.md/cautare/getResults?doc_id=136400&lang=ro
2. Law on Local Public Finances No. 491 – XIV of 16.10.2003. [online] Available at: https://www.legis.md/cautare/getResults?doc_id=138947&lang=ro#
3. Law on Public Finances and Budgetary-Fiscal Responsibility No. 181 of 25.07.2014. [online] Available at: https://www.legis.md/cautare/getResults?doc_id=142656&lang=ro#
4. Chart of Accounts for Budgetary Accounting and Methodological Norms on Accounting and Financial Reporting in the Budgetary System, approved by Order of the Ministry of Finance No. 216 of 28.12.2015. [online] Available at: https://www.legis.md/cautare/getResults?doc_id=144142&lang=ro#
5. Manolescu, Gh., 1997. Budget - Economic and Financial Approach. Ed. Economica, Bucharest, 317 pp.