



**ECONOMIC AND SOCIAL
COUNCIL**

Distr.
LIMITED
E/ESCWA/SDPD/2003/WG.5/19
30 June 2003
ORIGINAL: ENGLISH

Economic and Social Commission for Western Asia

Expert Consultative Meeting on Public Administration and Public Accounting
Development, with Stress on Electronic Tools

Jointly with

Meeting on the Innovation of Public Administration in the Euro-Mediterranean
Region (UNDESA)

Beirut, 1-3 July 2003

**TOWARDS A NEW BUDGETING AND
ACCOUNTING SYSTEM IN THE PUBLIC SECTOR**

Co-sponsoring agencies:



United Nations Department of Economic and Social Affairs (UNDESA)



Office of the Minister of State for Administrative Development in Lebanon (OMSAR)



Friedrich Ebert Stiftung (FES)

In cooperation with:



United Nations Development Programme (UNDP)



Professional Computer Association in Lebanon (PCA)



Association for the Development of Informatics and Law in Lebanon (ADIL)

جمعية انماء المعلوماتية
المقانونية في لبنان

Note: This document has been reproduced in the form in which it was received, without formal editing. The opinions expressed are those of the author and do not necessarily reflect the views of ESCWA.



Prof. Dr. Jürgen Gornas
University of the Federal Armed Forces Hamburg
Institute for Public Management

Towards a New Budgeting and Accounting-System in the Public Sector

A New Budgeting and Accounting
System in Germany

Guidelines

- From the total cash resources concept towards the total economic resources concept
- Recording and presentation of the complete assets
- Incorporation of goals, objectives and performance measurement into budget management
- Development of prerequisites for flexibility in budget management
- Use of a uniform style of accounting for all agencies in a jurisdiction based on double-entry bookkeeping

Characteristics

1. Chart of Accounts
 - Fixed Assets
 - Financial Assets
 - Current Assets
 - Equity and Reserves
 - Liabilities
 - Operating Revenues
 - Operating Expenses
 - Cash received
 - Cash paid
 - Cost Accounting

Characteristics

2. Budget organization and content of the budget
 - Income Plan
 - Plan of cash items

Characteristics

3. Attention to depreciation and valuation of fixed assets

- Depreciation charges appear in the income plan as expenses. This is aimed at balancing the total consumption of fixed assets with the operating revenues, so that there is no need for credits and borrowing in order to maintain the substance of the fixed assets.

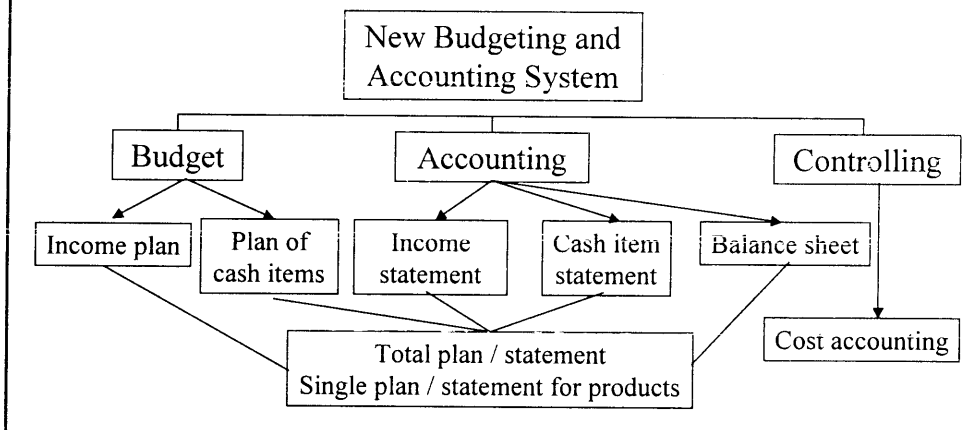
Characteristics

4. Rules of budget balancing including regulations for borrowing and credits

- The minimal requirement for the income plan is a zero balance, i.e. total revenues = total expenses.
- The difference between the total cash receipt for ongoing administrative tasks and the total amount paid out for ongoing administrative tasks has to be at least as high as the amortization for credits and borrowings as planned in the budget.

Characteristics

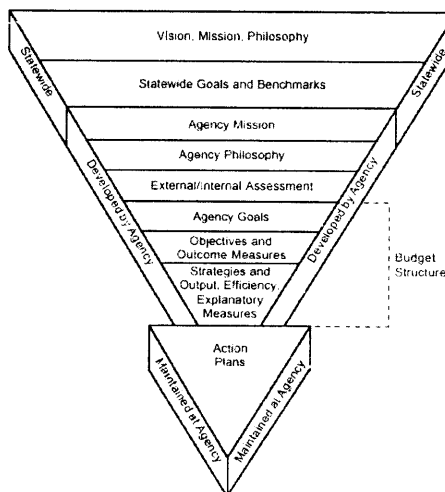
5. Components of financial reporting



Characteristics

6. Integration of the annual budget into comprehensive strategic planning

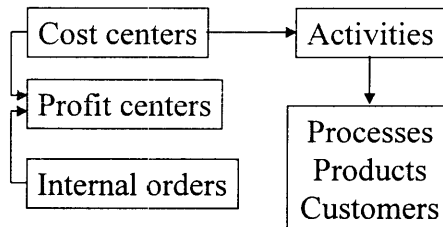
- Texas Strategic Planning Template



Characteristics

7. Supplementation of financial accounting by robust cost accounting systems

Controlling elements:



Information Technology Main Features

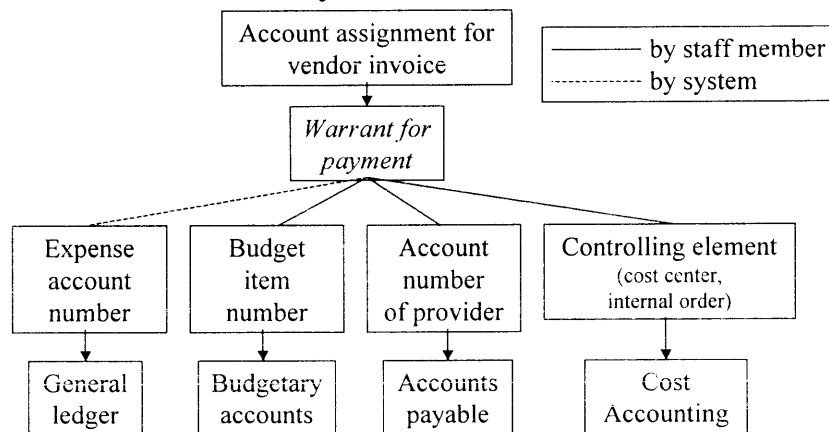
1. Account assignment in the initial stages of a process
 - Main account assignment:
 - Expense account number
 - Product number
 - Additional account assignment
 - Cost center *or*
 - Internal order *or*
 - Work breakdown structure element

Information Technology Main Features

2. A common and relational database for both financial and non-financial application, which is accessible in real time
3. ERP software is based on a process view
4. Workflow capabilities of the ERP software
5. Audit trail capabilities
6. Drill-down capabilities

Information Technology Implementing Alternatives

1. Parts of the old system still will be in use



Information Technology Implementing Alternatives

2. The new BAS substitutes the old BAS completely

