



NORWEGIAN MINISTRY OF FINANCE

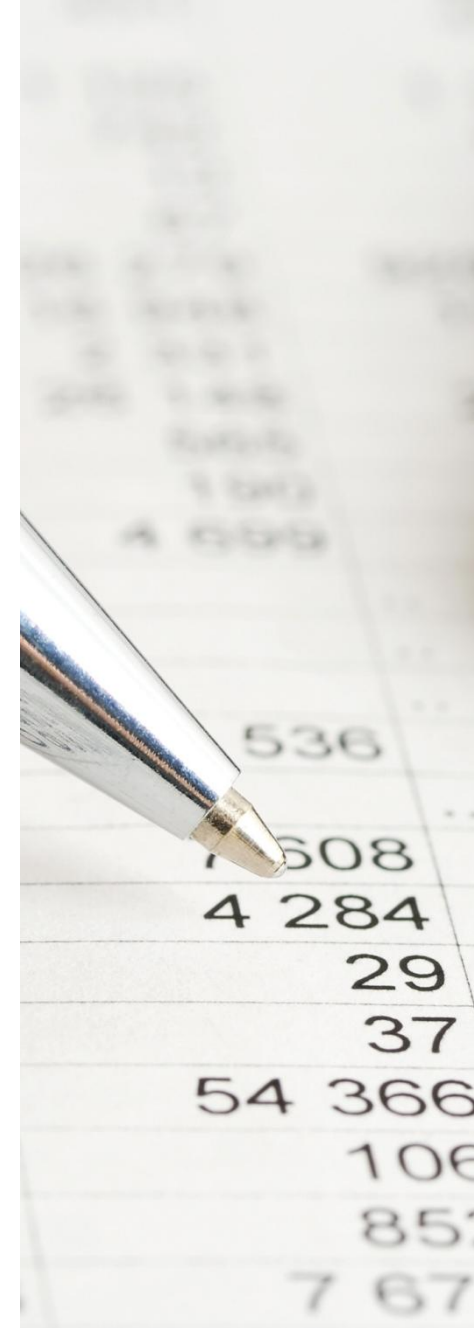
Recent Developments in Norwegian Central Government Accounting

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Basic Principles

- The accounting basis for central government is the cash principle
 - supplemented by the recognition and reporting of selected financial assets and liabilities in the balance sheet
- Cash based regular reporting from all governmental agencies to the central government accounts
- A common chart of accounts for cash budgeting and cash accounting



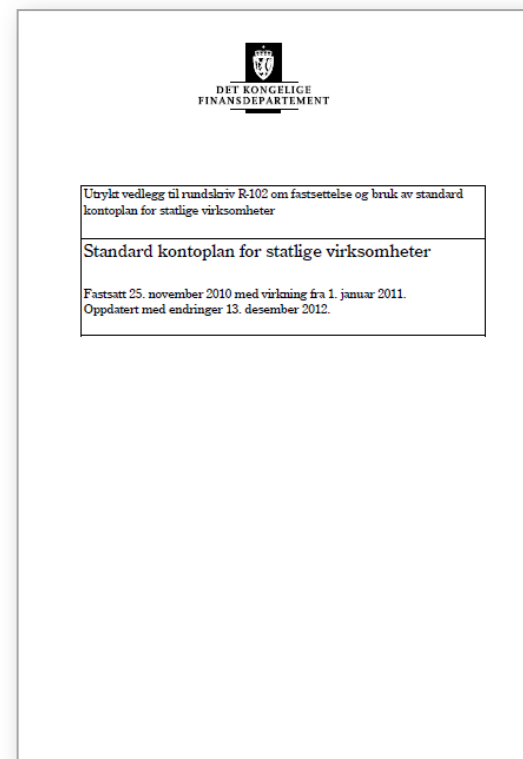
No plans to introduce accrual budgeting or accounting at state level

- It is important to have a precise and unambiguous basis for parliamentary budget decisions
- Cash based budgeting facilitates financial control/expenditure control
- State budget as a fiscal policy tool to influence aggregated demand
- Full accrual budgeting would reduce the scope for modified solutions adapted to sector characteristics

 Accounts mirror budgets: remain cash based

A new, supplementary chart of accounts

- A new chart of accounts to supplement the budget chart of accounts - mandatory from 2014
 - More detailed information
 - Facilitates comparison between agencies
 - Will be used as supplementary information to the budget chart of accounts in the Annual State Accounts. Still cash based.



Voluntary use of accrual accounting at agency level

- Individual agencies are free to choose between accrual and cash based accounting for their own supplementary financial statements
 - Accrual standards at agency level established 2010, but so far only used by 25 per cent of agencies
 - The MoF has recently published a consultation paper with a new standard for the presentation of cash based supplementary statements at agency level
 - Standards for cash reporting at agency level to be made mandatory for the remaining 75 per cent of agencies by 2014



About the accrual standards

- The 11 standards are structured in accordance with the corresponding IPSAS standard to facilitate easy reference
- Mainly based on the relevant Norwegian private sector standards
 - some simplifications, e.g. the treatment of pensions
- Applies the accrual basis IPSAS where there is no applicable Norwegian private sector accounting standard
- Relevant Danish and Swedish practice has been taken into consideration

The objective: greater transparency at agency level

- State account figures are published on a monthly basis
- The cash based Annual State Accounts are published in April and submitted to Parliament
- The report from the Auditor General is published in October
- At present, structured accounting information at agency level is published by some agencies only
- The present consultation paper includes
 - a mandatory standard for agency level Annual Reports, including financial statements
 - a proposal for mandatory web publication of Annual Reports and financial statements

