

GOVERNMENT ACCOUNTING IN TURKIYE

What is the coverage of government accounting system?

COVERAGE: GENERAL GOVERNMENT

PFMC Law No. 5018, Article 2

“This Law covers the financial management and control of public administrations within the scope of general government, encompassing public administrations within the scope of central government, social security institutions, and local administrations”

General Government

Central Government Social Security Institutions Local Administrations

(Chart I)

-General Budget
Institutions

(Chart II)

-Special Budget
Institutions

(Chart III)

-Regulatory and Supervisory Institutions

(Chart IV)

- Social Security Agency
- Turkish Labour Institution

- Special Provincial
Institutions

- Municipalities

- Local Administrations

- associations

- administrations

In Cash Based Accounting System;

- There was not an accounting unity in public sector,
- Scope and content were narrow,
- Producing consolidated reports and results was not possible,
- Budget expenses used to be posted when they were paid,
- Asset acquisitions used to be recorded only as expenditure in the budget, however they were not recorded in current or fixed assets,
- Revenue transactions used to be monitored partly on accrual basis,
- Since there were not fixed asset accounts, depreciation accounting was not possible.

WITH REGARD TO GENERAL BUDGET ADMINISTRATIONS:

The accounting;

- **Used to allow only getting budget execution outputs,**
- **Was not continuous,**
- **Accounts were not classified within an accounting systematic,**
- **Would not produce detailed data,**
- **Fixed assets were not recorded,**
- **Did not enable monitoring of budget debts,**
- **Did not allow a healthy follow of receivables and payables of Treasury,**
- **Did not show expense commitments and contingent liabilities.**

With accrual based accounting:

➤ For public administrations;

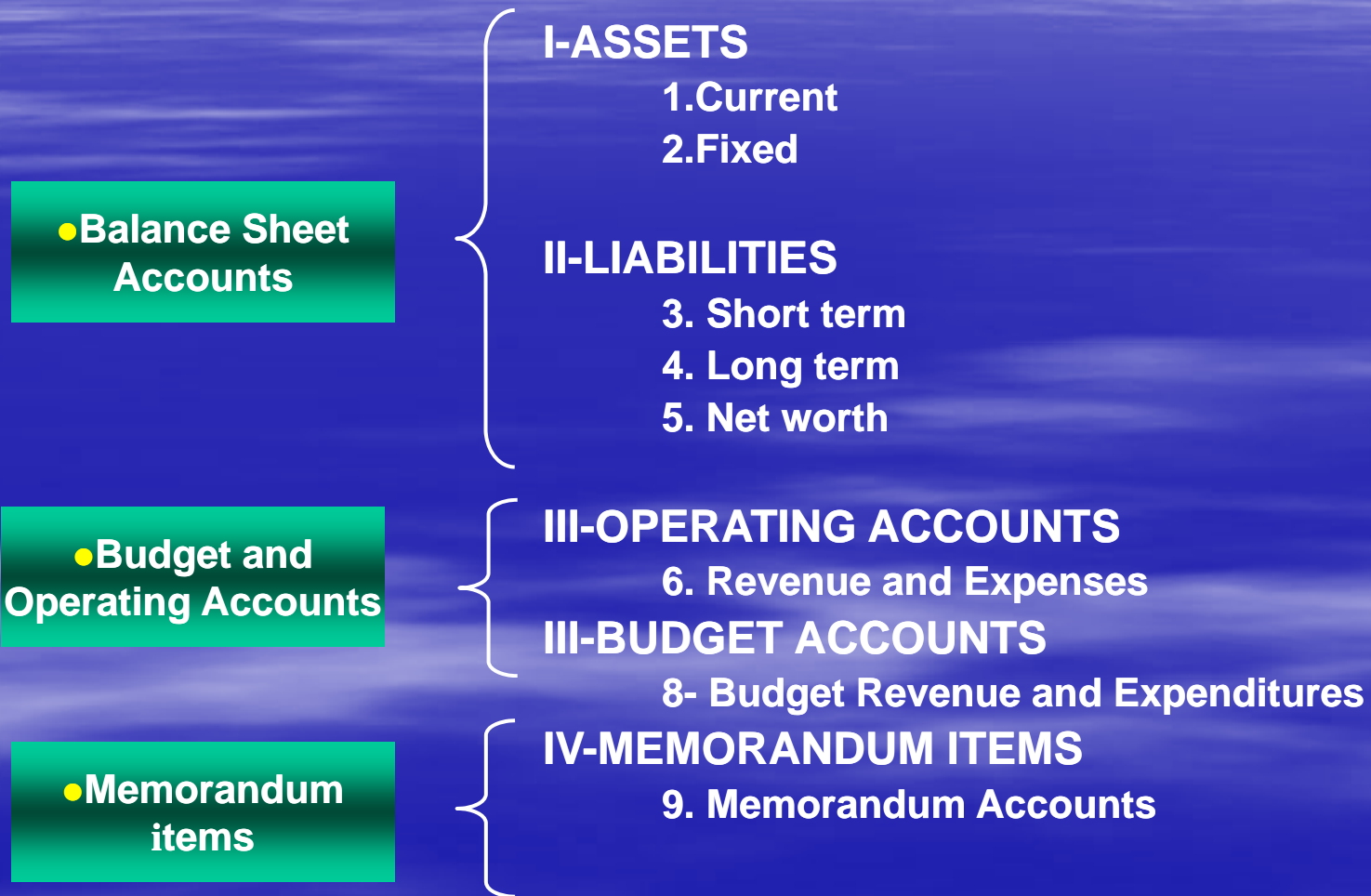
- Balance Sheet
- The Statement of Operating Results
- The Statement of Sources and Uses of Cash
- The Statement of Budget Execution Results
- Other Financial Statements

will be produced.

With accrual based accounting:

- ❖ More detailed budget execution results started to be gained,
- ❖ Accounts were classified within an accounting systematic,
- ❖ More detailed data started to be produced,
- ❖ Fixed assets started to be recorded,
- ❖ Budget debts started to be monitored,
- ❖ Treasury expenditures and payables are started to be monitored,
- ❖ Commitments may be monitored,
- ❖ Payments started to be traced electronically.

Accrual based accounting system: Framework Charts of accounts



DETAILED CHART OF ACCOUNTS

I- ASSETS

10 LIQUID ASSETS

100- Cash Account

Sample:

120-RECEVEIABLES FROM REVENUES ACCOUNTS

120.1 Tax Revenue

120.1.1 Taxes on Revenue and Income

120.1.1.1. Income tax

120.1.1.1.1.Tax Income based on declaration

600- REVENUE ACCOUNTS

600.1 Tax Revenue

600.1.1 Taxes on Revenue and Income

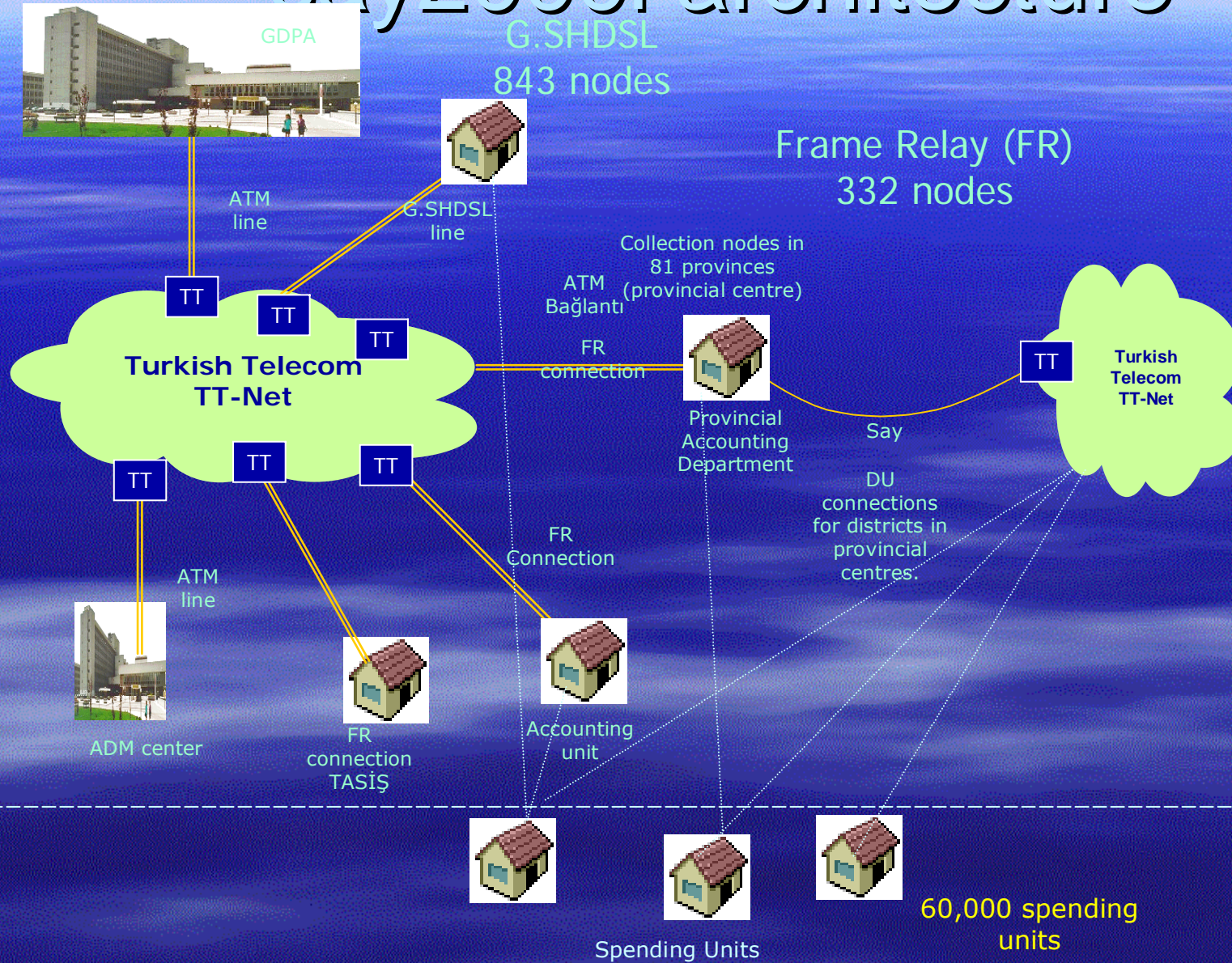
600.1.1.1. Income tax

600.1.1.1.1 Tax Income based on declaration

How does recording system operate?

- The Recording System operates through a central database (**say2000i**),
- Entries are made concurrently by over 5000 users from approximately 1600 accounting offices into the central database located at the Ministry of Finance,
- Through a web based system, access to the central database is provided.

say2000i architecture



Analytical Budget Code System

↳ Institutional Coding

↳ Functional Coding

↳ Financing Coding

↳ Economic Coding

Ministry of Energy and Natural Resources

Institutional coding				Functional coding				Financing Coding	Economic Coding			
1	2	3	4	1	2	3	4	1	1	2	3	4
2	01	00	0	01	03	09	0	01	03	02	03	03
0			4				0					
9	04	02	0	01	03	09	0	02	03	02	03	03
7			4				0					

Hacettepe University

Designed to reflect the type of Government operations

1- G.B.
2- S.B
3- Soc. Sec.Ins.
4-

IDENTICAL to Budget Expense
(electricity purchases)

Code Structure of Accounts

Chart of Accounts: ■ 630.3.2.3.3 Expenses Account (electricity purchases)

Budget Code:

Institutional coding				Functional coding				Financing Coding	Economic Coding			
1	2	3	4	1	2	3	4	1	1	2	3	4
9 7	04	02	0 4	01	03	09	0 0	02	03	02	03	03

Chart of Accounts + Budget Code = New Code Structure

Account Code	Institutional coding				Functional coding				Financing Coding	Economic Coding			
	1	2	3	4	1	2	3	4	1	1	2	3	4
630.3.2.3.3	97	04	02	0 4	01	03	09	0 0	02	03	02	03	03

Per diem System

- In Double Entry System, the amount debited in one account is credited in the other account or accounts.
- Transactions are enumerated and registered in the journal in the order of date and number; and are systematically transferred to other general and subsidiary ledgers.
- Transactions carried out are recorded based on accounting documents. Expenditures from the budget paid in cash or on account are recognized together with “Payment Order” and the other transactions are recognized with “Accounting Transaction Form”.

Books to be Used

➤ **Journal**

The journal is a book where the transactions are regularly entered in enumerated form with successive number order and date. After the opening entry, daily transactions are recorded based on accounting documents,

➤ **General Ledger**

General ledger is a book that transfers the transactions from journal to accounts and classifies them in these accounts. After being recorded in the journal with date and number order, transactions are transferred to related pages opened for each account in the general ledger and recorded with the same date and number in a classified manner,

➤ **Cash Book**

Cash ledger contains information about cash count and the statements by the accounting officer and cashier as well as the other information covered in the other ledgers,

➤ **Subsidiary account books**

Subsidiary account books are kept to provide detailed information about the accounts forming the chart of accounts.

IPSAS Financial Reports

- Statement of Financial Position
- Statement of Financial Performance
- Cash Flow Statement
- Statement of Changes in Equity/Net Assets
- Accounting Policies and Notes to the Financial Statements

All of the foregoing may be produced from the current accounting system.

Recording Priority

Payment of Personnel Expenditures

630	EXPENSES ACCOUNT	1.500	
360	PAYABLE TAXES AND FUNDS ACCOUNTS		200
361	PAYABLE SOCIAL SECURITY WITHOLDING ACCOUNT		300
103	ISSUED CHECKS ACCOUNTS		100
830	BUDGET ESPENSES ACCOUNT	1.500	
835	EXPENSE REFLECTION ACCOUNT		1.500

Recording Priority

UNACCRUED COLLECTION

TAX

REVENUE

CAPITAL INCOME COLLECTION

100	CASH ACCOUNT	1.500	
600	REVENUES ACCOUNT		1.500
805	REVENUE REFLECTION ACCOUNT	1.500	
800	BUDGET REVENUES ACCOUNT		1.500

100	CASH ACCOUNT	1.500	
600	VEHICLES ACCOUNT		1.500
805	REVENUE REFLECTION ACCOUNT	1.500	
800	BUDGET REVENUES ACCOUNT		1.500