

Применение Международных стандартов учета в государственном секторе (IPSAS) при подготовке бюджета российских вузов

Application of International Public Sector Accounting Standards (IPSAS) in the Preparation of the Budget of Russian Universities

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Аннотация

В статье рассматриваются возможности применения Международных стандартов финансовой отчетности для общественного сектора в российских университетах для повышения подотчетности при принятии решений по подготовке бюджета. Внедрение Международных стандартов финансовой отчетности для общественного сектора (IPSAS) является важным шагом для оптимизации подготовки бюджетов высших учебных заведений. Цель исследования состоит в раскрытии содержательных аспектов внедрения Международных стандартов финансовой отчетности для общественного сектора для обеспечения подотчетности и прозрачности бюджетной финансовой отчетности университетов. В процессе исследования были использованы такие методы, как индукция, дедукция, анализ и синтез. Результат исследования выражается в обосновании важности подготовки бюджетов для высших учебных заведений Российской Федерации в соответствии с Международными стандартами финансовой отчетности для общественного сектора.

Ключевые слова: инновационная активность, механизм управления развитием, система показателей, программа инновационного развития, промышленное предприятие.

Abstract

This article discusses the possibilities of applying International Financial Reporting Standards for the public sector in Russian universities to increase accountability when making decisions on budget preparation. The introduction of International Financial Reporting Standards for the Public Sector (IPSAS) is an important step to optimize the preparation of budgets of higher education institutions. The purpose of the study is to disclose the substantive aspects of the implementation of International Financial Reporting Standards for the public sector to ensure accountability and transparency of the budgetary financial statements of universities. In the course of the research, such methods as induction, deduction, analysis and synthesis were used. The result of the study is expressed in the justification of the importance of preparing budgets for higher educational institutions of the Russian Federation in accordance with International Financial Reporting Standards for the Public sector.

Keywords: International Public Sector Accounting Standards (IPSAS), university, budgeting, budget preparation.

1. Introduction

The International Board of Public Sector Accounting Standards (IPSASB) develops IPSASTM, a collection-based standard used by governments and other public sector entities to create general purpose financial statements [1]. The establishment of International Public Sector Accounting Standards (IPSASs) was initiated in the early 1990's based on the International Financial Reporting Standards (IFRS) [2] in existence at that time for application in the private sector. The IFRSs were modified, where necessary, for application in the public sector with additional accounting standards established that applied only to the public sector (i.e. public budgeting) [3]. Through these standards, IPSASB seeks to improve the quality, consistency, and transparency of public sector financial reporting. The International Board of Public Sector Accounting Standard issues guidelines and facilitates the exchange of information between accountants and others in the public sector. The Ministry of Finance of the Russian

Federation develops national standards based on IPSAS to ensure transparency of financial reports. Adjustment of the national IPSAS standard in the public sector is a very important part of public administration reform in Russia. The beginning of the budget accounting and reporting reform was laid by the concept of reforming the budget process in the Russian Federation in 2004–2006. The creation of the basic conditions and requirements for maximum efficiency in the management of state (municipal) funds in accordance with the priorities of state policy was identified as a main objective in the concept. One of the mandatory conditions for the reform of budget accounting in the Russian Federation was the approximation of the classification of the national budget to the requirements of international standards [4].

The implementation of IPSAS can add a number of benefits to the public, including accounting coordination, which allows for better comparability of accounting systems around the world. Furthermore, these criteria also aim to significantly improve the

quality of financial information for a wider audience, improve resource allocation decision-making, ensure greater transparency, and increase decision-making accountability [5]. The application of these standards can improve the effectiveness of budgetary surveillance, as well as improve governance by providing comparative, clear, and concise accounting information from one country to another [6]. The international organization called on developing countries to adopt IPSAS, which provides financial assistance to developing countries. Other countries, regardless of their political and economic systems, are encouraged to align their national standards with the IPSAS.

The purpose of financial statements is to provide information to meet the needs of financial statement users who are not in a position to demand a report update on their needs. General-purpose financial statement users include taxpayers, members of parliament, creditors, suppliers, media, and public sector employees. Financial statements prepared in accordance with IPSAS must present the financial position, financial performance, and cash flow of an entity [7]. In order to meet these requirements, a university entity must, first of all, observe the general qualitative features of financial reporting. Such qualitative features of financial reporting are the basic principle of preparing financial statements in accordance with IPSAS. The four main qualitative features are comprehensibility, relevance, reliability, and comparability. It should be noted that the method of adopting IPSAS in universities can help in preparing plans for university-based financial activities based on the source of funds, thus making it more effective for achieving university goals.

The impact of investment in education for developing countries and the countries that are in transition with the economy is usually measured in terms of costs and benefits. Focusing on input or overall educational outcomes (e.g., literacy rate, school enrolment, and the average length of schooling), while important, does not reflect performance, whether resources are actually being used, or how efficiently they are being used. Performance is difficult to measure, but it is essential if education sys-

tems achieve their goals and ensure a reasonable return on public investment. Figure indicates the role and motivation and accountability relationship of stakeholders and beneficiaries between different levels of government and between government and suppliers and outside government [8].

Other goals included modernization and efforts to shift education and focus on technical innovation: while reducing the number of existing universities, plans were announced to create up to 150 new public universities specializing in technological innovation in order to improve Russia’s international position. In 2012, Russia also established the Council for Enhancing the Global Competitiveness of Russian Universities and launched the so-called Russian Academic Excellence Project 5/100, an initiative that provides ample funding for a group of 21 leading universities to strengthen research and the inclusion of five Russian universities in the top 100 universities in the global university ranking by 2020. The initiative also aims to change the composition of students and academics on Russian campuses, attracting 10% of academics and 15% of students from abroad.

2. The Budget of the Education Sector

Education is a major policy priority in most OECD countries. In 2018, OECD countries spent an average of 3.4% of GDP on primary, secondary and post-secondary education, of which 3.1% came from public sources and another 0.3% from private sources. In the same year, the OECD’s average spending on tertiary education was 1.4% of GDP, of which 1.0% came from public sources and 0.4% from private sources [9]. Education funding needs to be equitable between schools and students, efficient due to current government budget constraints and effective because of the significant contribution of education to social and economic goals. Budgeting on education expenditure is an important factor in achieving efficiency, effectiveness, and equity goals in education. Based on the above review of budget management in the university in general, this section will analyse the governance of the budget from the perspective of the education sector. Education budgeting presents

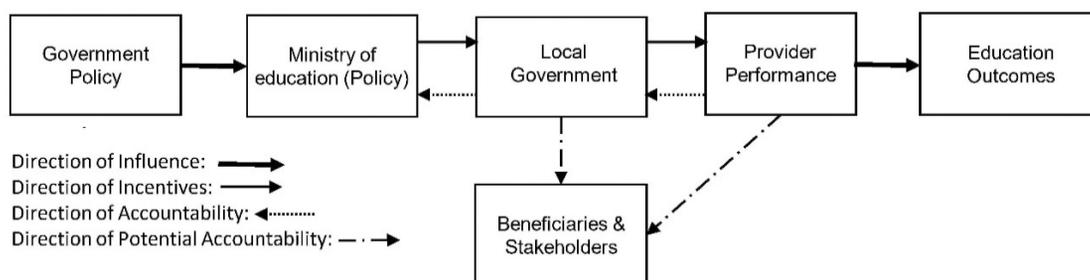


Figure. Overview of the governance process

a topic that needs a specific focus that has not been extensively analysed in past literature. Depending on the level of education and the type of resources considered, the budgeting regime of the education sector in a country can vary greatly.

The role and responsibilities of each actor in budgeting in the education sector have shifted to many countries due to the trend of decentralization in the last three decades. Decentralization has created new relationships and changed decision-making power, especially between the central government, the Ministry of Education, and stakeholders [10]. Table shows, which can be used to identify and evaluate performance in education, also serves as an overview of the types of governance challenges.

Table

Performance issues and indicators for education

Area	Issue	Key indicator
Budget And Resource Management	Budget processes	PEFA indicators track budget reliability, completeness, transparency, execution, accounting, reporting and control
	Budget leakages	Inconsistency between public education budget funds and amounts received by education providers
Human Resources	Job purchasing	Frequency of illegal side-payments/bribes influencing hiring decisions and of payments for particular assignments
	Teacher absenteeism	Fraction of teachers contracted for service but not on site during the period of observation
Corruption Perceptions	Perceptions of corruption	Share of households, government employees. The relative ranking of the education sector in terms of corruption indices
	Institutional quality	The Country and Policy Institutional Assessments for education

3. Sources of Funds

Funding for educational institutions in OECD countries usually comes from funds and public and private sources of international organizations, the structural funds of the European Union from which some EU member states may benefit. In 2011, on average in OECD countries, the cost of education at all levels of education was 3.9% from public sources and 1.1% from private sources [11].

The OECD contributes to the raising of funds for education at various levels of government across the country. In OECD countries, primary funding is 52% from the central level, 23.7% from the regional level, and 27% from the local level. On average in OECD countries, the final funding is 36.3% from the central level, 23.9% from the regional level, and 43.4% from the local level [12]. The Eurydice report states that in many countries, intermediate authorities collect their own revenues

in addition to funds received from central authorities, and in more than two-thirds of the countries covered in the report, local or regional authorities contribute to financing their own education. However, the share of funds from the state vs intermediate authority in the total education budget varies greatly in different countries. The fundraising authority may have more authority over the allocation of these funds, although this is not always the case.

Expenditures on higher education in the federal budget from 2013 to 2015 Increased: RUB 477.2385 billion (2013); 484.106 billion rubles; 2015: 513.537 billion rubles (2014). This trend continued even after the adoption of amendments to the Law on the Federal Budget, which reduced the previously announced amount of funding for higher education by 4.5%. In 2015, expenses increased by three percent compared to 2014 — from 498.173 billion rubles to 513.246 billion rubles. In the year from 2012 to 2015, the share of expenditures on youth policy, primary, secondary and preschool education decreased quite significantly, while the percentage of students in higher and postgraduate programs increased from 74.2% in 2012 to 78.1% in 2014 and 84.9% in 2015. If in 2014 funding nominally increased by 1.2 times compared to 2011, then in real terms, the growth was only 1.02 times compared to 2011 [13].

4. Financial management and budgeting in Russian universities

The Ministry of Science and Higher Education of the Russian Federation is responsible for improving the quality of the university's financial management through the use of tools such as the planning and budgeting system, management accounting, financial plan and economic activity. The effectiveness of managing an educational organization in modern socio-economic conditions has become of particular importance [14]. In the Federal Law of May 8, 2010 No. 83-F “Fundamental changes were made to the working conditions of state institutions, provided for in the formation of legal and financial mechanisms that contribute to improving the quality and accessibility of state and municipal services, and the effectiveness of activities on amendments to some legislative acts of the Federation Russian Federation in connection with improving the legal status of state (municipal) institutions” [15]. State institutions and municipalities, these mechanisms include the system of financial support for budgetary institutions and independent institutions, the expansion of their financial and economic independence within the framework of the state’s mission. The purpose of the work is to identify approaches to solving a practical problem to increase the internal efficiency of the university. One of the main tools for solving this

problem is the use of modern methods of financial management of higher educational institutions.

Budgeting, management accounting, control of financial resources, monitoring and evaluation of the efficiency of financial activities in various fields, including the implementation of programs and plans for the development of the university, the implementation of internal control, auditing and risk management. The most important modern tool is financial and budget management. In contrast to budget planning, where expenditures are formed according to cost management based on the needs of maintaining activities, budgeting is a technique of budget planning, built with an emphasis on the implementation of the objectives and tasks of the organization. The budget focuses on achieving some performance and involves the development and improvement of alternative options for action and development [16]. Results-oriented budgeting should become the most effective and progressive form of financial planning, an integral part of management accounting and modern financial management within the University, which predetermines the thinking of university leaders and their choice of priorities in the implementation of activities [17].

5. Monitoring and evaluating the use of Resources

Responsibilities for monitoring and evaluating the use of resources vary between countries and the types of monitoring and evaluation in question. Typically, the assessment line is administered by the ministry [18]. However, in many countries, the Ministry of Expenditure, their agencies, the Ministry of Finance, and Parliament can work together. In addition, monitoring and evaluation are often performed at different levels of the education system, with lower levels leading to more effective monitoring and evaluation. For example, the Ministry of Finance in Iceland monitors the financial performance of the Ministry of Expenditure compared to the budget [19]. Ministries, on the other hand, decide on their performance appraisal methods and monitor their progress against goals and objectives [20].

In Croatia, the state treasury, located in the Ministry of Finance, monitors the implementation of programs spent by the ministry and evaluates them through the use of performance indicators associated with government priorities. In New Zealand, the Department of Education oversees the finance department of the school sector. It reviews the audited financial statements and may seek clarification on liquidity problems, if performance is poor or if net assets decline. In Denmark, ministries and agencies determine the assessment models, and spending agencies control and follow the expenditures and allocations allocated to them [21]. If there is a risk of over-

spending, spending agencies may apply for an increase in allocations. For this, the expenditure agencies have to send their expenditure to the concerned ministry. Applications can be sent to the Parliamentary Finance Committee only after approval by the Ministry of Finance. The Ministry of Expenditure and the Ministry of Finance also cooperate several times a year to monitor fiscal policy and overall government funding. It is published as Budget Outlook [22].

In Finland, the National Audit Office (NAO) is affiliated with the Finnish Supreme Audit Institution and Parliament. The NAO audits state finances, monitors and evaluates monetary policy, and oversees election and party funding. It ensures that public funds are spent in accordance with the decisions of Parliament, in accordance with the law, and it ensures that monetary policy is used in a sustainable manner [23]. In Lithuania, the National Audit Office, the municipal auditor oversees the use of financial and material resources [24]. Quality assurance of education is performed by the National Agency for School Evaluation. In Sweden, the Financial Council is an independent body appointed by the government for eight years. The members of the council are mostly academic economists, and it usually reports to the government once a year during pre-budget discussions [25]. Most recently, in Australia, a committee of members of the Australian Parliament and senators, the Joint Committee on Public Accounts and Audit (JCPAA) monitors the effectiveness of the funds allocated to them by Parliament (The Australian Government Finance Department). The allocation of funds directly to HEIs depends on the results of their activity [26]. Currently, there are functions of a system for monitoring the effectiveness of higher educational institutions. The basis for monitoring the education system is the Federal Law No. 273-FZ “On Education in the Russian Federation” (Part 5 of Article 97) dated December 29, 2012, and the Rules for Monitoring the Education System, No. 662, approved by the Government of the Russian Federation on August 5, 2013 [27]. In addition, the regulatory and legal framework is constituted with the Decree of the President of the Russian Federation, No. 599, “On measures to implement state policy in the field of education and science” dated May 07, 2012 [28]; the Order of the Ministry of Education and Science of Russia, No. 244, “On monitoring the effectiveness of higher educational institutions” dated March 18, 2016 [29]. The system of results consists of a number of indicators, the performance of which directly impacts the amount of allocated funds. The main indicators are: educational activity (in particular, monitoring the average USE score of enrolled applicants); the ratio of the number of students

and faculty (teaching staff); research activity (grants, projects, etc.); international activity (including the number of foreign students); financial and economic activity; the salary of the faculty as percent of the average wage in the region; employment of graduates and other indicators [30].

6. Conclusion

The Russian university financial statements and economic crisis affect the implementation of IPSAS in various ways. The financial position of universities was seriously affected by the demographic decline, which, in the context of normative per capita funding, led to a reduction in 168 Russian Education and Society. New sources of financial support at universities have not yet yielded significant results. The number of households taking out education loans remains low. The level of income from earmarked capital funds, amid sharp exchange rate fluctuations, also proved to be insufficient to significantly improve the economic situation of higher education institutions. However, the state policy of concentrating funds in leading universities is fraught with severe risks. In response to the financial crisis, Russia, like the OECD and EU countries, gradually introduced mechanisms for regulating public funds approved by experts. These mechanisms are designed to optimize state budget spending on higher education. Some of the main ones include:

1. Establishment of direct relations between public resources and the activities of institutions; adopting a competitive approach to overall resource allocation.
2. Increasing access to educational loans for students enrolled in distance learning programs. These loans will be designed to cover increased tuition fees and increased household participation in co-financing higher education.
3. establishing strategic objectives, such as managing revenue and expenses for the university budget; planning the total volume of receipts and payments from the budget; Optimal planning to improve the efficiency of the use of funds from the internal budget and the external budget in the universities.
4. Focus on innovation and scientific research and develop internal and external partnership with researchers in order to improve universities ranking; that leads to attracting foreign students, which increases the revenues in the budget of universities.

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