

PUBLIC FINANCIAL REPORTING SYSTEMS: A COMPARATIVE APPROACH ROMANIA - REPUBLIC OF MOLDOVA

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Abstract

Public financial reporting systems play a critical role in ensuring transparency, fiscal accountability, and sound macroeconomic governance. This article presents a comparative scientific analysis of public sector financial reporting systems in Romania and the Republic of Moldova, evaluating how both states transpose the principles of accrual accounting and the requirements of International Public Sector Accounting Standard (IPSAS) 1. Utilizing a methodology based on qualitative documentary analysis and a comparative examination of legislative and methodological frameworks, the paper highlights the asymmetrical reform pathways of the two countries, which are driven by their differing stages of European integration. While Romania (an EU member state) exhibits a centralized and mature technical infrastructure through its national reporting system, Forexbug, it still faces a persistent cultural adherence to a cash-accounting mindset among practitioners. On the other hand, the Republic of Moldova (an EU candidate state) demonstrates intense efforts to align its National Accounting Standards with international best practices; however, this process is slowed down by fragmented information systems and a shortage of qualified personnel at the local government level. The research findings emphasize that successful reform depends not only on formal legal compliance but also on the integrated digitalization of workflows and a paradigm shift in how accounting information is utilized. This paper contributes to addressing the shortage of bilateral literature in this segment and provides a framework of best practices for institutional expertise transfer during the pre-accession phase.

Keywords: Financial reporting, public sector, IPSAS 1, ForExeBug, comparative approach, Romania, Republic of Moldova.

Clasificare JEL: H10, H83, M41, M48

1. Introduction

In the context of global economic dynamism and current administrative complexity, transparency, fiscal responsibility and effective public governance have become fundamental pillars for the macroeconomic stability of any state [6, 19]. Public financial reporting systems are no longer simple instruments for the historical recording of cash flows, but have evolved into complex analysis platforms, capable of faithfully reflecting the financial position, patrimonial performance and long-term sustainability of state institutions. This structural transformation is guided at a global level by the principles of New Public Management (NPM) and the International Public Sector Accounting Standards (IPSAS), which promote the transition from cash accounting to accrual accounting. At the European level, the harmonisation process takes specific forms, being directly influenced by the political status and integration path of each country. Romania, as a member state of the European Union, has already gone through significant stages of reform, internalizing European requirements and implementing advanced digital mechanisms for reporting and centralizing data, such as the ForExeBug National System. On the other hand, the Republic of Moldova, with the status of a candidate state for accession to the European Union, is in the midst of a restructuring process of public finance management. It is making intensive efforts to definitively break away from the old reporting structures and to align the National Standards with international good practices, under the strict monitoring of global financial bodies. From this perspective, a comparative approach between Romania and the Republic of Moldova becomes not only opportune, but also deeply necessary. Although the two states share historical, cultural and partly administrative connections, they are at different stages of institutional and technological maturity in terms of public financial reporting.

In the public sector, financial reporting plays the fundamental role of providing truthful, systematized and understandable data to decision-making authorities, control bodies, taxpayers and other interested actors. This tool reflects the transparency of the use of budgetary funds, facilitating the assessment of institutional performance and the substantiation of future public policies. Financial statements are designed to give a true and fair view of the financial position and budget execution for the financial year ended. At the same time, they provide essential predictive indicators regarding the volume of resources necessary to ensure the continuity of the activity, the potential flows generated by current operations, as well as the associated risks or uncertainties. In this sense, reporting supports the macro-administrative decision-making process and supports the demonstration of managerial responsibility for the entrusted resources, exercising a series of **basic functions**, including:

- ✓ *ensuring transparency and financial responsibility* reflects the use of public funds and the compliance of expenditures with approved destinations;
- ✓ *budgetary planning and control* allows authorities to compare achieved results with budgeted ones, facilitating the identification of deviations and the adoption of corrective measures;
- ✓ *facilitating economic and financial decisions* provides management with the necessary data to improve resource management and optimize their allocation;
- ✓ *legality and compliance control* serves as a means of verification for audit bodies regarding compliance with financial and budgetary legislation;
- ✓ *guaranteeing comparability and performance analysis* allows for the comparison of financial indicators between different periods and between similar institutions.

The information embedded in financial reports is of strategic importance for various **categories of users**, including:

- *Management of public institutions*: ensures rigorous evidence of income and expenditure, substantiates future budget projects and supports audit and internal control processes;
- *Government and the Ministry of Finance*: provides analytical support for the substantiation of fiscal policies, constitutes the decision-making basis in the allocation of budgetary resources and allows for the overall assessment of the execution of the national public budget;
- *Citizens and civil society*: guarantee the transparency of public spending, facilitate monitoring of the way in which funds are managed by the authorities and contribute to the prevention or identification of possible financial slippages.

The purpose of this study is to conduct a comparative analysis of the regulatory and institutional frameworks governing the public financial reporting systems in Romania and the Republic of Moldova. The paper aims to highlight the structural convergences and divergences between the two countries, following the way in which the requirements of the International Public Sector Accounting Standard (IPSAS) 1 are transposed into national legislation. Through this approach, the research aims to identify good methodological and technical practices capable of ensuring an efficient transfer of expertise from a member state of the European Union to a state in the midst of a pre-accession process.

2. Literature Review

Public financial management reform at the global level is governed by NPM paradigms, which promote a structural transition from cash accounting to accrual accounting. International Public Sector Accounting Standards play a central role in ensuring transparency, comparability and fiscal accountability. From a theoretical point of view, the literature argues that the adoption of accrual accounting improves the quality of macroeconomic decisions, but its implementation is frequently marked by information asymmetries and institutional resistance, especially in economies in transition or post-transition. At the European level, efforts are focused on the development of the European Public Sector Accounting Standards (EPSAS), designed to unify the financial reporting of the European Union member states.

In Romania, the evolution of the public financial reporting system has been closely linked to the process of accession and integration into the European Union. A study [30] provides a benchmark analysis, demonstrating how national legislation has gradually assimilated the principles of accrual accounting. Its author highlights that structural changes were guided by European institutional pressures and the need to consolidate financial reporting at central and local government levels. Moreover, the impact of these standards at regional level is expanded by other authors in their study [5, 28] assessing the degree of readiness of local public administrations for the implementation of EPSAS, emphasizing that, although the Romanian legislative framework is formally aligned with European directives, the effective use of accounting information for internal management remains inferior to that in Western countries. Romanian literature deepens this perspective through applied analyses on the purpose and utility of these data. In this sense, other authors [25], [2] emphasize that the fundamental role of financial reporting is not simply archiving data, but actively supporting the decision-making process and directly making institutions accountable in relation to the use of public funds. Extending this logic to the specific needs of users of accounting information, other research [4], [7], establishes a clear set of qualitative indicators that public sector reporting must provide. Among these, the authors mention the relevance of data on the sources and allocation of resources, the assessment of the institutional capacity to meet financial obligations and the measurement of performance in direct relation to the costs of public services provided [24]. For this information to become truly useful, the specialized literature highlights the imperative of data quality. Other authors [3], [8], [9] show that ensuring comparability over time and between different entities is inextricably linked to full transparency regarding the accounting policies used and the changes made in their application. At the same time, the structural link between financial reporting and demonstrating government accountability to citizens and international bodies is validated by the author [17] who positions the set of financial statements (balance sheet, execution account, cash flows) as an essential tool for auditing and controlling the way in which the state manages public assets.

In terms of the modernization of the reporting infrastructure, other published analyses [22], [34] discuss the crucial role of the implementation of the National Reporting System Forexebug. The research shows that the automation and centralization of data flows have significantly reduced human errors and consolidation gaps. However, the local literature criticizes the persistence of a practical duality: civil servants continue to prioritize budget execution (on a cash basis) to the detriment of financial statements of commitments, the latter being often prepared exclusively for legal compliance [13], [18].

In contrast, the public financial reporting system in the Republic of Moldova is in a complex process of modernization, being strongly influenced by the Association Agreement between the Republic of Moldova and the European Union and by the conditionality of international financial organizations. The fundamentals of the evolution of national accounting standards are also documented by other authors [12], [29] who highlight the academic and regulatory efforts made to break away from the centralized Soviet-style model and move towards international standards. The specific analysis of the accounting treatments applied to public assets, an essential pillar of government financial reporting, is detailed by the authors [11], [14] who in their works offer a direct comparative perspective between the National Accounting Standards (NAS) and international standards (IFRS/IPSAS), highlighting the technical gaps in the evaluation and reflection of public assets, an element that affects the accuracy of the state's consolidated balance sheet. On the dimension of control and use of public funds, an empirical radiography of the reporting deficiencies at the level of local public authorities in the Republic of Moldova is carried out. The author [32] demonstrates that the fragmentation of information systems and the lack of qualified personnel in rural areas limit fiscal transparency. In addition, another methodological paper proposes models for qualitative assessment of institutional performance, demonstrating that financial reporting should not be just a numerical exercise, but a tool for measuring the impact of public policies on society [7], [26].

The comparative analysis of the specialized literature in the two legal spaces reveals a series of asymmetries and points of convergence. Both states have used external levers to reform the systems (Romania through its EU membership status, and the Republic of Moldova through its candidate state status and through IMF and World Bank assistance programs). While the literature in Romania is focused on the optimization of an already mature centralized information system (ForExeBug) and on the imminent transition to EPSAS, the literature in the Republic of Moldova reflects a preliminary stage, focused on the unification of fragmented information systems and the adoption of national standards specific to the public sector (SNCSF).

A major gap identified in the current literature is the lack of direct bilateral comparative studies focused strictly on the public sector in Romania and the Republic of Moldova. Most of the existing comparative research focuses on the private sector and the convergence of IFRS vs. SNC. It is also poorly explored how the common historical administrative legacy influences or slows down the internalization of modern commitment-type financial reporting practices in the two countries. This article aims to fill this research gap by providing an empirical and structural analysis of the two systems at different stages of European integration.

3. Theoretical foundations and methodological particularities of financial reporting in the Romanian public sector

Public sector entities have the institutional obligation to faithfully reflect, through periodic financial statements, the dynamics of the assets under the administration of the state and of the administrative-territorial units, along with the budget execution for revenues and expenses. Prepared quarterly and annually, these synthetic reports comply with the methodological norms issued by the Ministry of Finance and approved by subsequent ministerial orders.

According to the national regulations in force, the closing of the annual financial year requires the mandatory realization of a general inventory of assets and liabilities, as well as of all goods or values managed. By contrast, quarterly reports represent intermediate syntheses and do not involve the development of complex formal closing operations, such as the asset inventory and the recording of related adjustments. The central objective of these documents is to obtain a faithful image of the assets, liabilities, financial position and patrimonial result achieved by the institution during the analyzed period.

In order to acquire legal validity, the financial statements require the countersignature of the head of the institution (as the authorizing officer) and the head of the financial-accounting department or a person authorized in this regard. Although the standard expression of the indicators is made in the national currency (leu), Romania's participation in international financial partnerships and the implementation of financing agreements with European or global bodies may generate the obligation to prepare parallel reports in foreign currency, at the express request of external financiers. At the same time, the legal framework recommends that the annual set of financial statements be validated by an audit report related to the balance sheet and the execution account, thus strengthening the accuracy and transparency of the disseminated information.

The architecture of financial reporting in the Romanian public system is based on the principles of the International Public Sector Accounting Standard (IPSAS) 1 – “Presentation of Financial Statements”, a pillar that outlines the conceptual framework for the structure and content of general purpose documents based on accrual accounting. The basic mission of these tools is to disseminate relevant data on financial position, economic performance and cash flows. These elements are indispensable to a wide range of users in substantiating strategic decisions and in assessing the efficiency of the allocation of administrative funds.

Thus, financial reporting becomes a catalyst for the decision-making process and for optimizing institutional accountability in the management of budgetary resources [1]. In this vision, financial statements are structured to provide correlated data sets on [27]:

resource management: the origin, allocation and effective use of financial funds;

- *treasury sustainability*: the mechanisms for financing operational activities and covering cash requirements;
- *institutional solvency*: the entity's ability to maintain the continuity of its activity and to honor its payment obligations;
- *asset dynamics*: the institution's current financial position and its evolution over time;
- *operational efficiency*: the assessment of economic performance by relating the costs of services provided to the concrete results obtained.

Simultaneously, these reports document the volume of the entity's resources and obligations at the balance sheet date, reflecting the structural changes that occurred between the reference periods. Such data become indispensable in diagnosing the institutional capacity to maintain a certain standard in the provision of public services and in forecasting the financing needs for future budget cycles.

In accordance with the theoretical requirements of IPSAS 1, a complete set of financial statements requires the incorporation of related components: the statement of financial position, the statement of financial performance, the statement of changes in net assets/equity, the statement of cash flows, along with the accounting policies and related explanatory notes. Transposing this framework in order to obtain a true and fair view of economic reality requires the cumulative observance of some methodological imperatives [3, 15, 20]:

- *procedural consistency*: the constant application of accounting policies harmonized with international standards;
- *information quality*: the presentation of data under the auspices of relevance, reliability, comparability and accessibility;
- *analytical transparency*: the extension of information with detailed explanatory notes where abstract standards do not provide specific instructions for atypical economic events.

Comparability is a basic qualitative feature of reporting, allowing users to identify asymmetries or similarities between distinct entities or between successive financial years. It is appreciated in some studies that the preservation of this characteristic structurally depends on full transparency in the substantiation of accounting policies and in the quantification of the effects generated by their changes [24, 21]. For the correct assessment of performance over time, the inclusion of retrospective data becomes mandatory. This dynamic is directly supported by the principle of intangibility, a rule according to which the opening balance of a year must correspond perfectly with the closing balance of the previous period, any subsequent correction being strictly regulated to ensure the legality of public accounting reports.

In Romania, the organization of public accounting is aligned with the IPSAS principles, with the main purpose of substantiating the decision-making process and validating the responsibility of institutions in the management of entrusted budgetary resources [1]. Alignment with international requirements requires a faithful representation of transactions in full accordance with the criteria for recognizing assets, liabilities, income and expenses.

From a technical and operational point of view, the set of annual financial statements and consolidated reports at the level of the Ministry of Finance are configured through a normative and technological mix that includes:

Digital reports: generated through the National Reporting System Forexebug, in accordance with the Order of the Minister of Public Finance (OMFP) no. 1801/2020;

Classic summary forms: regulated by OMFP no. 129/2019 for the approval of the methodological norms specific to the balance sheet;

Current legislative adjustments: applied by excluding the forms suspended by OMFP no. 1287/2023 and OMFP no. 699/2024, normative acts that redefine the monthly, quarterly and annual reporting flows starting with recent years.

By operationalizing this legal framework, correlated with the requirements of IPSAS 1 (“Presentation of Financial Statements”) and IPSAS 2 (“Cash Flow Statements”), official documents

in the Romanian public system take the form of a dual set consisting of the Balance Sheet, the Income Statement, the Cash Flow Statement, the Statement of Changes in Net Assets, the Budget Execution Account and the Explanatory Annexes. This structural matrix is designed to extend fiscal transparency and ensure inter-institutional comparability, supporting the consolidation of budgetary responsibility and the promotion of rigorous financial governance [31].

4. Theoretical foundations and methodological features of financial reporting in the public sector of the Republic of Moldova

Within the budgetary system of the Republic of Moldova, financial reports represent a regulated set of synthetic indicators that reflect the patrimonial position, the financial condition of the public institution and the results of its economic and financial activity for the analyzed management period. This reporting constitutes a structured presentation of the financial statements resulting from the management of the resources entrusted to the management of a budgetary authority or institution. As synthesis works, the respective documents complete the current accounting records and provide the fundamental information support necessary for a systematic analysis of budget execution. The classification of these synthetic reports is carried out based on three guiding criteria: the reporting period, the volume of integrated indicators and the nature of the reflected components.

From the perspective of the **reporting period**, the following are distinguished:

- ✓ *Quarterly financial reports*: prepared at the end of each quarter, they have an intermediate character and allow monitoring the budgetary process, respectively the identification and correction of operational deficiencies before the end of the year;

- ✓ *Annual financial reports*: produced at the end of the fiscal year, they centralize the indicators during the year and integrate the regularization operations specific to the accounting closure.

Depending on the **volume of indicators** included, the reports are divided into:

- ✓ *Own (individual) financial reports*: prepared autonomously by each budgetary institution based on data from its own accounting records, reflecting the specific results of the activity carried out;

- ✓ *Consolidated financial reports*: prepared by hierarchically superior authorities (line ministries or district and municipal financial departments) by aggregating and eliminating mutual transactions from the reports of subordinate institutions.

In terms of the **nature of the indicators presented**, the classification delimits:

- ✓ *Reports of public institutions*: focused strictly on the execution of their own income and expenditure budgets;

- ✓ *Reports of central and local public authorities*: prepared by the district/municipal financial departments and the Ministry of Finance, they reflect the consolidation and execution of local budgets, the state budget and, implicitly, the national public budget (BPN).

These data sets constitute the central pillar of information on the dynamics of the execution process at all levels of the budgetary system in the Republic of Moldova. They directly influence the budgetary planning process, providing the historical and analytical basis for substantiating the institutions' draft budgets for the coming years. An essential requirement of these instruments is to objectively reflect the economic and financial reality. To meet this criterion, each indicator presented must be based on supporting documents and reflect real transactions from the management period. Also, to ensure rigorous budgetary management and control, the reports must be exhaustive, compliant with current methodological norms and transmitted to hierarchically superior institutions within the mandatory legal deadlines.

The general configuration of the presentation system and the flow of transmission of financial reports in the Republic of Moldova are systematized in Table No. 1.

Table No. 1. Institutional flow and levels of consolidation of public financial reporting in the Republic of Moldova

Reporting Level	Generating entities (Flow base)	Intermediate centralizing bodies	General centralizing authority	Receiving authorities (Political control and validation)
I. Central Government	Public institutions subordinate to the state.	Line ministries, State agencies	Ministry of Finance (Consolidates data in the National Public Budget)	Government of the Republic of Moldova (Approves execution) Parliament of the Republic of Moldova (Adopts the budget law)
II. Local Government (LG)	✓ Village and city mayors. ✓ Public institutions of district/municipal subordination.	District/municipal financial departments	-	-
III. Special Funds	Autonomous sectoral budgets.	National Social Insurance House (CNAS) National Health Insurance Company (CNAM)	-	-

Source: made by the author

With the opening of the financial year on January 1, 2016, the accounting and reporting system in the public sector of the Republic of Moldova underwent a profound restructuring. This evolution was marked by the implementation of the new Chart of Accounts and the Methodological Norms on Accounting and Financial Reporting in the Budget System, approved by OMF No. 216/2015. This structural reform integrated a new economic classification of budgetary indicators. Within this framework, executive authorities, budgetary institutions, the National Social Insurance House (CNAS) and the National Health Insurance Company (CNAM) are obliged to prepare and submit financial statements in accordance with the Law on Accounting and Financial Reporting and the subsequent regulations issued by the Ministry of Finance.

The fundamental mission of these synthetic documents is to disseminate truthful information on the financial position, economic performance and cash flows of public entities, indispensable elements for users in substantiating economic decisions. To ensure decision-making utility, the embedded data must comply with a correlated set of **qualitative characteristics**:

- **intelligibility**: requires a clear and accessible structuring of information, adapted to the level of understanding of the users;
- **relevance**: implies the capacity of the data to evaluate past, present and future events, influencing current decisions;
- **reliability**: guarantees the faithful representation of transactions, being supported by the application of prudence in the evaluation of patrimonial elements (assets, liabilities, income, expenses) and the completeness of the financial statements;
- **comparability**: ensures the possibility of analyzing accounting indicators over time, for the same entity, or in space, between similar budgetary institutions.

The public accounting system is designed to feed the decision-making mechanisms of the management of central and local public administration, but also to provide third parties (the Government, internal and external creditors, donors, mass media, population) transparent data on the

degree of budget execution, the stage of settlements and the integrity of the state's patrimonial resources.

According to the legal framework, public institutions in the Republic of Moldova finalize quarterly and annual financial reports reflecting the results of budget execution. A structural methodological peculiarity is that quarterly reports are prepared separately for budgetary means and, respectively, for special means (collected revenues). The quarterly consolidated set necessarily incorporates the following basic forms:

Balance sheet of the public institution's budget execution;

Report on the execution of the public institution's budget;

Report on the execution of the budget on special means;

Report on the maintenance of the institution.

From a managerial perspective, these summary documents pave the way for an in-depth analysis of the entity's economic and financial condition. The primary source of information for compiling reports is the mandatory accounting registers, including: the General Ledger, the Allocations and Expenses Register, the Quantitative and Valuable Materials Register, the Trial Balance for the Long-Term Assets Account, the Current Accounts and Settlements Register, the Accounting Notes and the Synthetic Trial Balances.

5. Fundamental similarities in the architecture of public financial reporting in the two states

Public sector accounting reporting plays an essential role in ensuring transparency, accountability and good financial governance. Romania and the Republic of Moldova, although distinct countries, have developed public accounting systems influenced by international standards, especially IPSAS (International Public Sector Accounting Standards) and by the requirements of the European Union in the case of Romania.

The accounting systems in Romania and the Republic of Moldova present distinct particularities in terms of the methodology for preparing and presenting financial reports, the comparative analysis reveals the existence of significant convergences in the fundamental processes of public accounting. The financial reporting of public institutions in Romania and the Republic of Moldova presents both similarities and differences, influenced by the particularities of each budgetary system, the regulatory framework and the degree of alignment with international standards. Among the **similarities** identified, the following can be mentioned:

➤ **regulatory and institutional framework:** both systems are regulated by general accounting laws and specific ministerial orders, in Romania public sector accounting reporting is regulated by: Accounting Law no. 82/1991 (updated); Order of the Ministry of Finance no. 2021/2013 (with subsequent amendments); Other orders issued by the Ministry of Finance, and in the Republic of Moldova, accounting reporting is regulated by: Accounting Law no. 287/2017; National Accounting Standards for the Budgetary Sector (SNC-SB) and Order of the Ministry of Finance no. 216/2015 on the Chart of Accounts and Financial Reporting in the Public System. The Ministry of Finance of both countries has regulatory and supervisory powers.

➤ **objectives of accounting reporting:** in both Romania and the Republic of Moldova, the objectives of accounting reporting are the following:

- ✓ providing useful information on budget execution;
- ✓ support for decision-making at the managerial and political level;
- ✓ compliance with the principles of transparency and fiscal responsibility;
- ✓ ensuring the comparability and credibility of financial information.

➤ **the chart of accounts and the accounting methodology constitute the basis for reporting:** both countries use a budget chart of accounts structured on similar principles: asset, liability, income, expenditure and commitment accounts, as well as the tracking of budget execution and budget commitments. The use of accrual accounting, with cash accounting elements for certain operations. Thus, the structure of the chart of accounts is functional and compatible with IPSAS

requirements, economic recording is made for both commitments and actual payments and the budget execution and the financial situation of the institution are tracked in parallel.

➤ *types of accounting reports*: both public systems involve: *periodic financial statements*, composed of:

- Balance sheet;
- Income statement (Profit and loss account);
- Cash flow statement;
- Explanatory notes;
- Budget reports:
- Budget execution of income and expenditure;
- Reports on commitments and payments made.

The reporting obligation for these reports is periodic (quarterly and annual), the reporting structure is homogeneous within public institutions and there is a centralized electronic platform for data collection (ForExeBug in Romania, Financial Information System in the Republic of Moldova).

➤ *reporting to the Ministry of Finance*: public institutions in both countries are subordinated to the Ministry of Finance, which centralizes financial data;

➤ *budgetary and functional classification*: reporting is carried out according to economic and functional classifications, established by national governments for comparability and transparency;

➤ *public accounts separated from the private sector*: in both states, the reporting of public institutions is distinct from that of private entities, with different purposes and rules;

➤ *convergence towards international standards (IPSAS)*: both states have started processes of harmonizing public accounting with international standards, so that: Romania is partially convergent with IPSAS through Order MFP no. 1917/2005 and has adopted a mixed model between accrual and cash accounting, and in the Republic of Moldova: reforms have been initiated to implement SNC-SB inspired by IPSAS and a transition to full accrual-based accounting is planned. Therefore, a common trend of gradual adoption of IPSAS principles and the use of a conceptual framework compatible with international norms is noted.

➤ *audit and accountability*: in both countries, the audit of accounting reports is carried out by the Court of Accounts. In this regard, there is managerial responsibility regarding the correctness and legality of records, as well as the application of legal sanctions for erroneous or fraudulent reporting.

➤ *use of financial reports for budget execution*: they serve to monitor budget execution, financial control and budget planning in both states.

Public institutions in Romania and the Republic of Moldova operate on similar accounting and budgetary bases, reporting to central authorities to ensure transparency and control of public resources. However, Romania is more advanced in aligning with international standards (IPSAS) and in digitalizing the reporting process, while Moldova is in the process of harmonizing and modernizing its public financial system.

In both Romania and the Republic of Moldova, the main purpose of financial statements is to provide relevant information about the financial position, performance of public institutions and the efficient use of allocated resources. In both states, the responsibility for organizing and managing accounting, preparing and presenting financial reports lies with the head of the public institution and the chief accountant or an authorized person, according to legal regulations.

Although Romania is a member of the E.U. and has more advanced experience in implementing international standards, the Republic of Moldova is following a comparable reform path, with increasing convergence between the two public accounting systems.

5. Distinctive features and fundamental differences in the architecture of public financial reporting in the two states

Although Romania and the Republic of Moldova share certain historical, linguistic and cultural elements, their public accounting reporting systems present significant differences due to:

- ✓ *different geopolitical status (Romania - EU member; Moldova - associated state);*
- ✓ *level of digitalization;*
- ✓ *different stages of implementation of accounting reforms.*

This analysis highlights the essential differences in normative, procedural and technical terms regarding public accounting and implicitly the financial reporting resulting from its information. Therefore, the main **differences** identified regarding financial reporting in the case of the two states are the following:

➤ *Regulatory framework: differences in approach* - in Romania: public accounting is regulated by the Accounting Law no. 82/1991 (updated), the Order of the Ministry of Finance no. 1917/2005 for public institutions amended and supplemented by the Order of the Ministry of Finance no. 2021/2013 and there is a partial harmonization with IPSAS, as well as an incorporation of the EU requirements regarding the management of European funds. In the Republic of Moldova, the regulation is carried out through the Accounting Law no. 287/2017, the National Accounting Standards for the Budgetary Sector (SNC-SB), the chart of accounts according to the Order of the Ministry of Finance no. 216/2015 and where accounting reforms are still in the process of transition to the international system.

In this case, **the major difference** is that *Romania has a more stable regulatory framework and is more integrated into the EU systems, while Moldova operates on the basis of a national system gradually adapted to international standards.*

➤ *Accounting model used* - Romania has a mixed system: a combination of: accrual accounting and cash accounting for certain categories of income and expenses, with an emphasis on recognizing rights and obligations at the time of employment. The Republic of Moldova has made the transition from predominantly cash-based accounting to the accrual model, which is underway, but a unitary implementation is lacking at all levels of administration.

The major difference is that *Romania has already implemented a significant accrual-oriented model, while Moldova is in a methodological transition phase.*

➤ *Structure of accounting reports* - in Romania: accounting reports include:

- ✓ Balance sheet;
- ✓ Profit and loss account;
- ✓ Cash flow statement;
- ✓ Explanatory notes;
- ✓ Budget execution reports (via ForExeBug).

In contrast, in the Republic of Moldova, the reporting method depends on the degree of digitalization of the institution, and the reports provided for by national legislation are the following:

- ✓ Balance sheet;
- ✓ Profit and loss statement;
- ✓ Budget execution account;
- ✓ Explanatory notes and additional tables.

The difference is that: *in Romania, there are integrated electronic reporting systems (e.g. FOREXEBUG), while in Moldova reporting is done mostly manually or partially automated, especially at the local level.*

➤ *Degree of digitalization and standardization* - in Romania, the ForExeBug information system (centralized platform for budget execution and reporting) is implemented, through which there is an obligation to electronically transmit accounting reports and automatically correlate accounting

and budget. In the Republic of Moldova, there is the Financial Information System for the Treasury, but the application is heterogeneous, some public institutions do not use computerized accounting systems, and reporting is not fully automated.

The resulting difference is that: *Romania has a high degree of digitalization and standardization, while Moldova faces institutional divergences in the use of technology.*

☞ *The role of audit and financial control* - in Romania: the Court of Accounts has extensive powers and a clear regulatory framework, there is mandatory internal audit in all public institutions and a national system of internal managerial control (S.C.M.). In the Republic of Moldova: the Court of Accounts is active, but the audit capacity is limited, internal audit is not implemented uniformly and there is a weak connection between audit and the reporting system.

The difference is given by the fact that: *Romania has a mature audit system interconnected with financial reporting, while Moldova is in the institutional consolidation stage.*

☞ *Application of international standards (IPSAS)* - in Romania there has been a partial and selective adoption of IPSAS principles, IPSAS is not directly applied, but many concepts are transposed into Order 2021/2013, and the chart of accounts is conceptually aligned with IPSAS. In the Republic of Moldova: National standards are inspired by IPSAS, with the Ministry of Finance planning the progressive alignment to IPSAS, but there are no firm deadlines.

The difference is that *Romania has formally assimilated elements of IPSAS regarding financial reporting, while Moldova is in the phase of gradual transposition.*

☞ *Human resources and professional training* - in Romania there are professional training networks (e.g. the Body of Certified Accountants and Authorized Accountants of Romania - CECCAR, the Chamber of Financial Auditors of Romania - CAFR, master's programs), continuous training is provided for public sector accountants and there are personnel qualified in international standards. The Republic of Moldova is identified with an unequal level of qualification between institutions, the absence of systematic training on international standards and limited access to specialized training for budget employees.

The main discrepancy lies in the level of competence of accounting specialists, a context in which Romania holds a strategic competitive advantage as a result of integration into the European Union.

Table No. 2 provides a summary of the main differences between these two states regarding financial reporting.

Table No. 2. Differences in financial reporting

No. crt.	Aspects	Romania	Republic of Moldova
1.	Geopolitical status	Member state of the European Union.	EU associated state, in the process of harmonization.
2.	Main law	Accounting Law no. 82/1991, Public Finance Law no. 500/2002), specific O.M.F.Ps (2021/2013).	Accounting Law no. 287/2017 Public Finance Law and S.N.C. for budgetary institutions.
3.	Standards used	Elements of IPSAS transposed into national legislation.	National Standards inspired by IPSAS, some locally adapted norms, without full implementation.
4.	Accounting model applied	Mixed: accrual basis + cash elements.	Predominantly cash, in transition to accruals.
5.	Digitalization of reporting	High - ForExeBug integrated system used for budget execution reported monthly, quarterly and annually, financial reports in centralized systems.	Partial - Financial Information System under implementation.

6.	Chart of accounts	Budgetary chart of accounts adapted to the requirements of the EU.	National chart of accounts according to the Order of the Ministry of Finance no. 216/2015
7.	Reporting frequency	Quarterly, annual - standardized.	Quarterly, annual - but less uniform.
8.	Types of accounting reports	Balance sheet, income statement, budget execution, notes, flows.	Balance sheet, budget execution, explanatory notes, specific forms.
9.	External public audit	Court of Accounts - well developed, active, with regulated internal audit.	Court of Accounts - developing, uneven internal audit.
10.	Managerial responsibility	Implemented through the internal managerial control system.	Still under consolidation.
11.	Professional training in the public sector	CECCAR, CAFR, continuing education, EU standards.	Lack of unified training, uneven level of training.
12.	Degree of compliance with IPSAS	Partially adopted (implicit).	In the process of transposition (explicit).
13.	Integration into European reporting	Aligned with Eurostat requirements, IMF.	Partially compatible, in the process of harmonization.

Source: made by the author

Although both countries pursue common principles of transparency and efficiency, Romania is at a more advanced stage of financial reporting maturity, due to European integration and extensive digitalization. The Republic of Moldova is making progress, but requires consistent reforms and investments in institutional capacity

7. Conclusions

The comparative research conducted on the public financial reporting systems in Romania and the Republic of Moldova highlights a common vector of evolution, oriented towards Europeanization and fiscal transparency, but marked by major structural asymmetries in terms of practical implementation. Both states recognize the conceptual value of the International Standard IPSAS 1, using financial statements (statement of financial position, performance, cash flows and explanatory notes) not only as legal compliance tools, but as pillars supporting the macroeconomic decision-making process.

In the case of Romania, a maturation of the technical reporting infrastructure is observed. The integration of the ForExeBug platform and the rigorous application of fundamental accounting principles, such as the intangibility of the opening balance sheet, have led to the elimination of human errors in consolidation and to a standardization of reporting at the level of all credit authorizing officers. However, the main vulnerability of the Romanian system remains of a cultural-institutional nature: the persistence of a duality in which practitioners continue to prioritize budget execution on a cash basis, partially ignoring the managerial value of the information generated by accrual accounting.

As for the Republic of Moldova, the reform process is remarkable, being guided by an intense academic and legislative effort to align the National Standards (SNC) with European requirements. However, the analysis reveals that the Moldovan system still faces technical challenges related to the fragmentation of information systems and an acute shortage of qualified personnel, especially at the level of local public authorities in rural areas. These gaps limit, for the time being, the capacity to generate a faithful and fully consolidated image of the entire public heritage.

Therefore, the comparative approach demonstrates that the success of a reform in public financial reporting does not depend exclusively on the formal adoption of laws or international standards, but on the state's capacity to ensure a unified digital infrastructure and continuous training of human capital. Romania can represent a model of good practices for the Republic of Moldova in

terms of electronic centralization of reporting, while both states need to collaborate to transform financial statements from a simple exercise in legal compliance into a genuine instrument of good practices and government accountability to civil society.

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