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CASHLESS SETTLEMENT OF PUBLIC INSTITUTIONS CARRIED BY THE STATE TREASURY

DECONTĂRILE FĂRĂ NUMERAR ALE INSTITUȚIILOR PUBLICE DERULATE PRIN TREZORERIA STATULUI

LUCIA RISTI[1], LUMINIȚA MAZURU[1]

[1] ***„Aurel Vlaicu" University Arad, Romania; lucia_risti@yahoo.com***

Abstract: *Formation of public funds in the state Treasury by cashless payments of public institutions towards other public institutions within the same county; generates a cash flow circuit that compulsory includes activity of public accountancy and treasury. . However, transactions do not affect the overall current account opened at the Treasury and central bank and; does not change the total resources of the Treasury.*

Key-words: *settlement, cash flow, public revenue, the State Treasury, public institutions.*

INTRODUCTION

In the process of collecting revenues, extra-budgetary funds and special funds from public institutions, we distinguish the following two situations:

A) When public institutions have their accounts within the same treasury operational budget towards which payment is made;

B) When public institutions have their accounts with a treasury stock, other than that to which the budget is receiving the payment. In this situation, in making these flows county treasury and public accounting take part too.

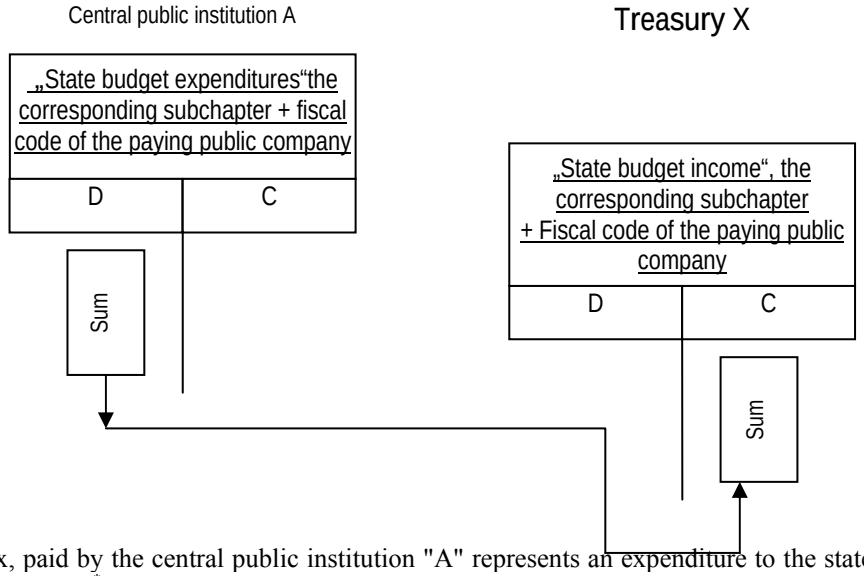
MATERIALS AND METHODS

Regardless of public institutions position and the budget from which payment is made, the financial flow of payments determined by the public institutions to the budget, when everything is going in the same county, district of Bucharest and treasury and public accounting of Bucharest does not change the current account balance, with the National Bank of Romania (TransFonD). Basically, in the case of these operations, special currency of the State Treasury does not make any move, there are recorded only accounting transactions as an expenditure on a budget and then as income within the same budget or another one.

Examples of financial circuits that lead to formation of budget revenues, by expenditures on the same budget, are those determined by central government institutions for income taxes or local public institutions for the payment of local taxes to the local budget, as well as in the case of public institutions financed from the state social insurance budget for contribution payments owed to the state social insurance employees or, the public health institutions financed from the National health insurance unique fund budget or unemployment insurance fund budget for health insurance contributions and unemployment due to their employees.

As previously mentioned, expenditure and at the same time a source of revenue for the state budget is income tax payment by a public institution funded from this budget, cash flow diagram illustrated by no. 1 scheme or no. 2 for selling and purchasing materials in previous years funding.

Scheme No. 1. *Financial flow determined by the payroll tax by a central public institution, both institutions having accounts with the same treasury stock*

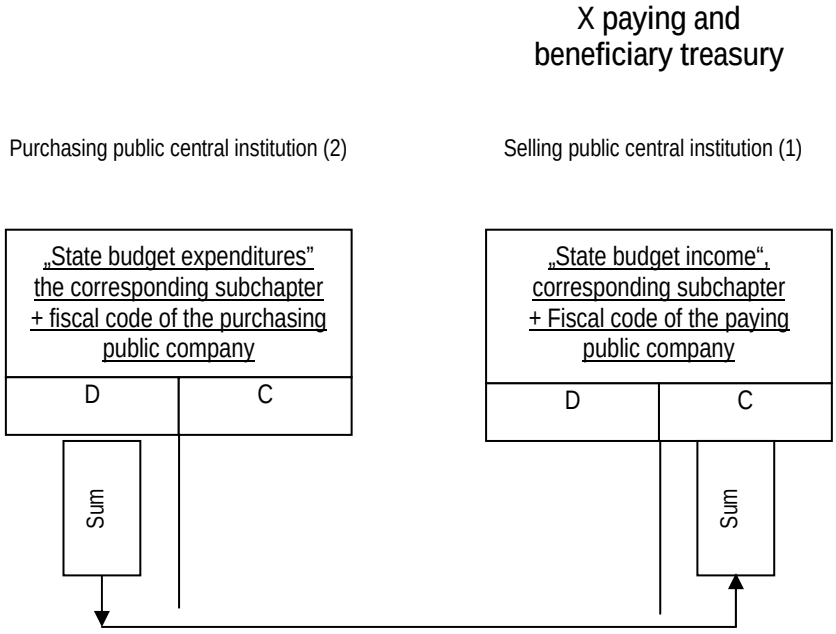


Legend:

income tax, paid by the central public institution "A" represents an expenditure to the state budget (apparently*) which was financed by that institution and also a state income for the same budget at the same time.

* Apparently only becuse that income is included in employee's taxable income and when paying his income, that income is deducted from his wages.

Scheme No.2. *Financial flow determined by the sale and purchase of materials purchased in previous years funding (institutions have accounts within the same treasury stock)*



* A public company financed by the state budget

Legend:

central public institution (1) sells materials that have been purchased in previous years, to a central government institution (2);

The public institution (2) pays for those materials, fact which is highlighted as a state budget expenditure on account of the respective public institution (2);

The selling public institution (1) directs the cost of these materials directly from the state budget as an income. Note that in all cases of these financial flows, no change takes place in the overall current account balance of the Treasury found at the National Bank of Romania, these operations are highlighted only in the operational treasury accounting-information system

by changing only the implied budget balances, everything happens within the same scripts of State Treasury, that exists at the National Bank of Romania.

Financial flows* between budgets, on the one hand, and special funds and means having special destination, on the other hand, within the same treasury, are caused mainly by setting up special fund to protect policyholders and the constitution of means of balancing income tax to the county councils and the General Council of Bucharest disposal.

In the process of setting up public funds resources to the State Treasury through cashless payments of public institutions to other public institutions in the same county; there occur financial flows between two operational treasuries. In the circuit compulsory occurs the activity of the county treasury and public accounting. In this case, however, it does not affect the operations of the Treasury General Account with the National Bank of Romania and so we will not record a change in the total resources of the State Treasury. Operations implied can not change a budget's balance when transactions take place within the same budget or change the balance between budgets, without changing the balance of the consolidated total county budget, as shown before.

Financial flows caused by the transmission of public financial resources from public institutions located in different counties are generated, especially by commercial relations (sales-purchases) that occur between public institutions in different counties or among business units' own treasuries operative on one hand, and Central Treasury, on the other.

As a result of these flows between public institutions from different counties or between Treasuries and Central Treasury, do not occur changes of "national financial resources" balance that are in the current account of States General Treasury. Following these flows, there may occur, possible changes in the balance between budgets, without changing the total availability of the general Treasury, at the national level.

* State budget, social service state budget, local budget, National health insurance unique fund budget, unemployment insurance fund budget

CONCLUSIONS

Of those presented so far on the financial flows that arose from public institutions and state budgets, local budgets, state social insurance budget and special funds, during the formation of public resources in the State Treasury; it results that they do not lead to change the total cash resources, they can only cause changes in balances of budgets as components of the general consolidate budgets or among these, on one hand, and the availabilities of public institutions or funds formed by extra budgetary means or funds with special destination, on the other.

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