

## ENHANCING FINANCIAL REPORTING IN UKRAINE'S PUBLIC SECTOR: AN IPSAS-BASED APPROACH

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**Abstract.** Financial reporting of budgetary institutions plays a critical role in ensuring transparency, accountability, and efficiency of public financial management in Ukraine. The relevance of this research stems from the ongoing reform of public sector accounting aimed at aligning national standards with International Public Sector Accounting Standards (IPSAS) and implementing accrual-based accounting principles across all budgetary institutions. These transformations are particularly crucial in the context of wartime fiscal pressures, increased external financing requirements, and growing demands from international donors for reliable financial information.

The current state of financial reporting in Ukrainian budgetary institutions reveals significant challenges, including incomplete implementation of National Public Sector Accounting Standards (NPSAS), inconsistencies in applying accounting methodologies, insufficient professional capacity of accounting staff, and limited integration of digital reporting systems.

The aim of this study is to analyze the current framework of financial reporting in budgetary institutions, identify its key deficiencies, and develop practical recommendations for its improvement to enhance the quality, reliability, and usefulness of financial information for decision-making purposes. The object of the study encompasses budgetary institutions of various types, including state and municipal entities operating under

budget financing mechanisms.

The research methodology incorporates comparative analysis of national and international accounting standards, systematic examination of regulatory legal acts governing financial reporting in the public sector, statistical analysis of financial statements from selected budgetary institutions during 2022-2025, and expert evaluation of existing accounting practices. The study applies both quantitative methods, including analysis of reporting indicators and compliance ratios, and qualitative approaches, such as structured interviews with chief accountants and financial managers of budgetary institutions. The obtained results demonstrate that approximately 68% of surveyed budgetary institutions experience difficulties in applying accrual-based accounting principles, while 54% report inadequate methodological guidance for specific transactions. Analysis of financial statements reveals that the average level of disclosure completeness constitutes only 73%, indicating substantial gaps in reporting transparency.

The research identifies five critical areas requiring immediate improvement: standardization of accounting policies and procedures across all budgetary institutions, development of comprehensive methodological support and practical guidelines for applying NPSAS provisions, implementation of integrated electronic reporting systems with automated data validation mechanisms, enhancement of

professional training programs for accounting personnel with focus on IPSAS requirements, and strengthening of internal control systems to ensure reliability and accuracy of financial reporting data. The practical value of this research lies in providing concrete recommendations for reforming the financial reporting system in budgetary institutions. The proposed improvements include developing unified chart of accounts templates for different types of institutions, creating standardized reporting forms that align with IPSAS disclosure requirements, implementing mandatory quarterly reconciliation procedures between budget execution reports and financial statements, establishing quality control mechanisms for consolidated reporting at all administrative

levels, and introducing performance-based indicators in financial reports to enhance their analytical capacity. Implementation of these recommendations is expected to increase reporting transparency by approximately 35%, reduce preparation time by 28%, and significantly improve the quality of financial data available for fiscal policy decisions.

Thus, the findings contribute to modernizing Ukraine's public financial management system and enhancing its alignment with international best practices, which is essential for maintaining confidence of international financial institutions and ensuring efficient utilization of budgetary resources during the recovery and reconstruction period.

**Keywords:** financial reporting; budgetary institutions; public sector accounting; IPSAS; NPSAS; accrual basis; reporting transparency.

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