Issues regarding the accounting policies specific to an emergency clinical hospital

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Abstract

In the context of the public sector, budgetary accounting represents the set of procedures that ensure the recording of the execution of public revenues and expenditures, in accordance with the principles of legality and transparency established by Law no. 500/2002 and the Accounting Law no. 82/1991 [4]. In this regard, budget execution involves all stages of commitment, liquidation, authorization, and payment of expenditures, regulated by Order of the Ministry of Public Finance no. 1792/2002 [2].

This paper analyzes the specific accounting treatments applicable to public healthcare institutions, with a focus on the St. John Emergency Clinical Hospital. It presents the funding sources, budget structure, accounting organization, and methods of budget execution. Through a practical approach and the interpretation of financial indicators, the study proposes solutions for optimizing the management of public financial resources.

Keywords: budgetary accounting, public hospital, budget execution, public financing, accounting policies

1. Introduction

In a healthcare system undergoing continuous adaptation, emergency clinical hospitals such as the St. John Emergency Clinical Hospital in Bucharest face complex accounting challenges generated by diverse funding sources, strict fiscal regulations, and the requirements for transparency in the use of public funds. In the healthcare sector, accounting policies represent the set of principles and procedures used for the recognition, measurement, and reporting of financial operations, in accordance with the rules established by the Ministry of Finance and the legislation specific to public institutions [4] . In this context, the present paper aims to analyze the accounting policies applied in such an institution, with a focus on the recognition and measurement of revenues and expenditures, the accounting of assets and liabilities, and the implications of contracts concluded with the National Health Insurance House and other funding sources.

Hospitalization expenses constitute a significant component of healthcare spending at both the national and international levels [13] . Using modern cost-accounting techniques, a study has

shown that the hospitalization of inpatients represents a considerable financial burden, increasing the need to improve this practice [5]. Medical departments must have solid financial preparedness and achieve profitability. Leaders of healthcare institutions aspire to favorable results, as do their employees. Both groups recognize that financial stability (or the lack thereof) influences decisions regarding future investments, incentives, and the recruitment and retention of personnel [6] .

The correct and rigorous application of these policies contributes not only to compliance with current legislation but also to the efficient management of financial resources, facilitating their optimal allocation for the improvement of medical services. Transparent financial reporting—based on clear and coherent accounting standards—strengthens the trust of patients, institutional partners, and public authorities [14]. Thus, accounting becomes a strategic tool in managerial decision-making, ensuring balance between financial efficiency and the quality of healthcare services.

2. Presentation of the Analyzed Institution

The St. John Emergency Clinical Hospital in Bucharest is one of the most important public healthcare units in the capital. Established in 1979, the hospital operates under the authority of the Ministry of Health and provides integrated medical services to the population of Bucharest as well as to patients from across the country. According to Law no. 95/2006 on healthcare reform, emergency clinical hospitals have the obligation to ensure the continuity of medical services and to manage public funds in accordance with efficiency and legality principles [1].

A public emergency hospital is a bed-based medical unit that is part of the public network, with responsibilities for providing medical care, conducting research and education, and ensuring emergency services, financed according to the law [1].

The facility has a total capacity of 678 beds, of which 631 are dedicated to continuous hospitalization and 47 to day hospitalization. This structure allows for the treatment of patients with acute and chronic conditions, ensuring flexibility and accessibility in the provision of medical care (www.sfib.ro)

Table no. 1. Organizational structure

Departaments	Absolute frequency(ni)	Relative frequency (fi) (%)
Clinical Department of Internal Medicine	35	5.16
Clinical Department of Gastroenterology	35	5.16

Clinical Department of Cardiology	35	5.16
Cardiology Department	36	5.31
Clinical Department of General Surgery I	38	5.60
Vascular Surgery Department	25	3.69
Clinical Department of General Surgery II	46	6.78
Clinical Department of Plastic Surgery	25	3.69
Department of Orthopedics and Traumatology	49	7.23
Clinical Department of Nephrology	67	9.88
Clinical Department of Urology	48	7.08
Department of Anesthesia and Intensive Care (ICU) I	26	3.83
Clinical Department of Obstetrics and Gynecology I	35	5.16
Clinical Department of Obstetrics and Gynecology II	36	5.31
Clinical Department of Obstetrics and Gynecology III	30	4.42
Neonatology Department	50	7.37
Department of Anesthesia and Intensive Care (ICU) II	15	2.21
Daycare Unit	47	6.93
Total paturi	**678**	**100**

Source: Own contribution

The hospital employs a total of 2,125 people, of which:

- Hospital staff: 1,032
- Resident doctors, years III–VII: 435
- Resident doctors, years I–II: 565
- Specialty Outpatient Clinic: 93

The organizational structure represents the system of functional and hierarchical relationships between departments (wards/services), established to achieve the institution's objectives (Hospital Management, ȘNSPMS; Delia Barbuță & Elena Badea).

Table no. 2. Employees

Category	Sex (xi)	Absolute frequency	Relative frequncy
Hospital	Female	502	23.62
	Male	530	24.94
	Total	**1032**	**48.56**
Resident doctors years III–VII	Female	197	9.27
	Mal	238	11.20
	Total	**435**	**20.47**
Resident doctors years I–II	Female	207	9.74
	Male	358	16.85
	Total	**565**	**26.59**
Specialty Outpatient Clinic	Female	71	3.34
	Male	22	1.04
	Total	**93**	**4.38**
Total		**2125**	**100.00**

Source: Own contribution

3. Financing

Financing represents the allocation of monetary resources necessary to achieve an institution's objectives, through specific management methods. In public hospitals, the source and level of financing directly influence the institution's capacity to respond to patient needs and its overall sustainability. In the case of public hospitals, funding sources primarily come from the Bucharest Health Insurance House (CASMB), the Ministry of Health, and the hospital's own revenues. The level of financing determines the institution's ability to meet patient demands and maintain financial sustainability [2].

The estimation and allocation of the budget by departments is the responsibility of the financial–accounting unit, which must prepare projections in accordance with legislation. According to Law no. 500/2002, budgetary credits represent the maximum limits of approved expenditures for each budget category, while budgetary adjustments allow the modification of these amounts based on actual execution.

A budgetary adjustment represents the modification of the initial budget provisions during execution, depending on the recalibration of revenues and expenditures (Law 500/2002) [7].

Negotiation activities take place at the beginning of each year and result in contracts for medical services with CASMB, according to the DRG (Diagnosis Related Groups) system, which ensures funding per case resolved. This system, regulated by the rules of the National Health Insurance House, aims to optimize spending and correlate financing with the volume and complexity of medical services (Hospital Management, ȘNSPMS, 2006).

In addition to contracts with CASMB, the hospital receives funding through budget allocations from the Bucharest Hospital and Medical Services Administration (ASSMB) for programs such as Mother and Child, investments in high-performance medical equipment, and major repair works. This diversification of funding sources is essential to ensure continuity of operations and the implementation of national health programs [2], [9].

During budget execution, financial adjustments may be made as needed to modify initial allocations. Hospital services are financed based on the per-case tariff (DRG) or according to the length of hospitalization, in accordance with the regulations of the National Health Insurance House. Negotiation activities occur at the beginning of each year, and contracts are expected to be concluded as follows:

Table no. 3. Contracts

Service Contract with CASMB (Diagnosis Related Groups – Day Hospital Admissions)
Hospital Outpatient Contract for Clinical Activities with CASMB
Contract for Paraclinical Activities with CASMB
Health Programs Funding Contract (Orthopedics, Cardiology, and Oncology) with CASMB

Source: Own contribution

In addition to the funding received from CASMB, the hospital also receives budget allocation-based funding from A.S.P.M.B., as follows:

Table no. 4. Funding

Residents
Emergency Dentistry + Emergency Department (ED)
Family Planning
Research
Programs (1.3 Mother and Child, Investments, High-Performance Equipment, Major Repairs)

Source: Own contribution

During budget execution, adjustments may be made to financial allocations based on actual execution and needs. The specialty outpatient clinic is funded through a contract with the Health Insurance House, based on the number of consultations (maximum 28 per day) or investigations, with points and tariffs established by regulations. Hospital services are financed through the DRG system (rate per case resolved) or based on the number of hospitalization days.

Table no. 5. Funding Categories

Funding from CASMB for the Hospital	67.713.230
Funding from Own Revenues	931.774
Donations and Sponsorships	1.800
Health Programs	4.093.013
Opening Balance	401.496
FEN Funding	8.086.509
Outpatient Funding	2.411.925
Other Revenues	9.080.880
Interest Income	246
Funding for Health Actions	41.233.077
Medical Equipment	4.601.162
Health Programs Funded by Excise Taxes	1.290.318
TOTAL FUNDING	**140.547.327**

Source: Own contribution

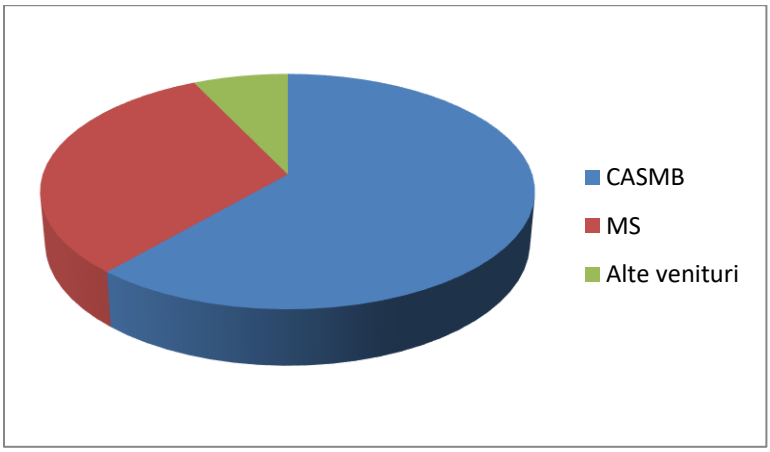
The evolution of budgetary allocations as of December 31, 2023, is presented as follows:

Tabel no. 6. Budgetary Provisions

Indicator	**CASMB**	**MS**	**Other Revenues**	**TOTAL**
Revenues	95.120.092	48.731.000	11.061.090	**154.912.182**
Share of Total Revenues	61,40%	31,45%	7,15%	

Source: Own contribution

Figure no. 1: Evolution of budgetary provisions



Source: Own contribution

The expenses related to core activities are structured according to the following table:

Tabel no. 7. Expenses

Indicator	**Amount**	**Share of Total Expenses**
Personnel Expenses	79.750.005	51,48%
Expenses for Goods and Services	56.249.555	36,31%
Capital Expenditures	4.724.000	3,04%
FEN Expenses	9.392.622	6,07%
Scholarship Expenses	4.796.000	3,10%
Total Expenses	**154.912.182**	

Source: Own contribution

4. Accounting Treatments

The accounting of public institutions serves to accurately reflect financial and patrimonial operations, in order to ensure transparency and control over the use of public funds. In the analyzed year, the St. John Emergency Clinical Hospital managed a budget of 154,912,182 lei, originating from CASMB funding, the Ministry of Health, and own revenues.

The supporting documents underlying these operations (invoices, payment orders, payrolls) are prepared and retained in accordance with OMFP no. 2634/2015 regarding financial–accounting documents, ensuring the traceability of all expenses.

The budget execution process follows the steps provided by legislation: commitment, liquidation, authorization, and payment of expenditures, which ensure the legality and regularity of fund usage (Order of the Ministry of Public Finance 1792/2002; Government Ordinance 119/1999).

In year N, the St. John Emergency Clinical Hospital managed a budget of 154,912,182 lei, with the main sources of financing being: CASMB – 61.40%, Ministry of Health – 31.45%, Other revenues (donations, services, sponsorships, etc.) – 7.15%.

4.1 Collection from CASMB for Salaries

To ensure the funds necessary for salary payments, the institution collects the corresponding amounts from the Bucharest Health Insurance House (for staff salaries funded by the Ministry of Health) and from the Ministry of Health (for activities carried out within the Emergency Department). Monthly, a note is prepared to substantiate the financial effects for February, based on payroll data prepared for January. Thus, on 10.02.N, the invoice corresponding to the financial effects for salaries, amounting to 7,583,865 lei, is issued.

411010101F333300.01 CASMB- OG 20/35/43	=	**772020001F333300.01** Subsidies Received from Other Budgets – OG 35/43/Law 250	7,583,865.00 lei

On 24.02, the invoice is collected:

560010101F433300 Subsidies from the National Health Insurance Fund Budget for Covering Salary Rights	=	**411010101F333300.01** CASMB- OG 20/35/43	7,583,865.00 lei

On 14.02.N, the invoice for DRG hospital services is issued, from which salaries are paid, amounting to 2,304,200.12 lei.

Accounting entry:

411010101F332100.01.01 CASMB (SMS) DRG	=	**751010001F332100.01.01**	2,304,200.12 lei

		Revenues from Service Provision and Other Activities – Ministry of Health DRG	

On 20.02, the invoice is collected:

560010101F332100.01	=	**411010101F332100.01.01**	
CASMB-SMS		CASMB (SMS) DRG	2,304,200.12 lei

4.2 Accounting for Goods and Services

The acquisition of consumable materials in a public hospital follows these steps: preparation of the needs report (01.01.N), approval and verification of funds (02.01.N), budget commitment, initiation of the procurement procedure (06.01.N), receipt and distribution of materials (10.01.N), and recording of the invoice and authorization of the expense (10.01.N), amounting to 36,330.70 lei.

In the case of St. John Hospital, acquisitions include medical supplies, inventory items, and auxiliary services, such as security or maintenance. These expenses are classified under Title II "Goods and Services" in the budget classification (Law no. 500/2002).

According to [4], the recording of these expenses must ensure a clear distinction between current expenses and capital expenditures, and all operations must be supported by supporting documents and approved legal commitments.

Accounting entry:

302080001F.05.01	=	**401010001F660601200109**	36,330.70 lei
Consumable Materials		Suppliers	

The invoice payment is made on 15.02:

401010001F660601200109	=	**770000001F660601200109**	36,330.70 lei
Suppliers		Budget Funding	

On 01.02.N, the report for the purchase of 11 mattresses was prepared; approved on 02.02.N, followed by fund verification and budget commitment. The purchase was carried out on 03.02.N, and on 05.02.N the mattresses were received and distributed. On the same day, invoice no. 15559, amounting to 13,535.06 lei, was recorded.

Accounting entry:

303010001F.03.01 Inventory Items	=	**401010001F660601200530** Suppliers	13,535.06 lei

Payment is made on 10.02.N.

401010001F660601200530 Suppliers	=	**770000001F660601200530** Funding from the Budget	13,535.06 lei

On 01.09.N, the report for security services (01.10.N–31.10.N) was prepared, approved on 03.09.N, followed by the initiation of the procurement procedure and budget commitment. Invoice no. 21423, issued on 01.11.N by SGPI SECURITY FORCE, amounting to 34,271.32 lei, was recorded in the accounting system.

Accounting entry:

628000001F660601200130.06 Security Expenses	=	**401010001F660601200130.01** Suppliers and Other Services	34.271,32 lei

On 19.12.N, the payment order is issued, with payment scheduled for 23.12.2024.

401010001F660601200130.01 Suppliers and Other Services		**770000001F660601200130** Funding from the Budget	34.271,32 lei

4.3 Accounting for Capital Expenditures

Capital expenditures represent investments intended for the acquisition or modernization of fixed assets, with long-term effects on public services [9] . In the case of St. John Hospital, these include complex medical equipment, furniture, and infrastructure works. According to Government Decision no. 2139/2004, fixed assets are tangible goods intended to be used for more than one year, and their depreciation is carried out through the systematic allocation of the depreciable amount over their economic useful life [10] .

The accounting records related to these operations are performed in accordance with the Accounting Law no. 82/1991 and the regulations of OMFP 1792/2002, ensuring an accurate record of assets and expenditures related to budgetary financing. On 01.01.N, a justification report was prepared for the purchase of two modern operating tables, approved on 02.01.N. After verifying

the available funds, the budgetary commitment was recorded. The acquisition was finalized on 10.01.N, and the equipment was delivered and received on 20.01.N. On the same day, invoice no. F2006, amounting to 3,057,947.76 lei, was recorded, and the fixed assets were recognized in the accounting records.

Accounting entry:

213010001F.01 Plant and machinery	=	**404010001F660601710102** Suppliers of non-current assets	3,057,947.76 lei

Payment is made on 25.02.N

404010001F660601710102 Suppliers of non-current assets	=	**770000001F660601710102** Funding from the Budget	3,057,947.76 lei

After receipt, the operating tables were installed and tested by the supplier's technical team together with the hospital staff. This was followed by training for doctors and nurses, and the commissioning was completed with a report signed by all parties involved.

Tabel no. 8. Operation table

Name of fixed asset	Inventory value (lei)	Number of months	Monthly depreciation	Remaining Value
Operation table	1,528,973.88	144	10,617.87	1,518,355.41
		143	10,617.87	1,507,737.54
.....				
Operation table	1,528,973.88	2	10,617.87	10,617.87
		1	10,617.87	0

Source: Qwen contribution

Accounting entry – recording the monthly depreciation – for a single piece of equipment

681010001F660601710102.01 Depreciation of non current assets	=	**281030101F.01** Depreciation of plant and machinery, motor vehicles, animals and plantations	10,617.87 lei

5. Conclusions

This paper has highlighted the rigorous organization of the financial–accounting activity within the St. John Emergency Clinical Hospital, while also illustrating the particularities of the accounting system applied in public healthcare institutions.

The analysis brought to light the main financial challenges faced by the unit, such as the high pressure of personnel expenses, the insufficient budget allocated for medicines and medical supplies, the lack of predictability in budget allocations, and the low share of own revenues.

Although the hospital operates efficiently within current parameters, the research findings indicate the need for structural measures, including the implementation of a patient-level cost calculation system, the digitalization of financial workflows, and the modernization of the accounting system. These directions are essential for increasing transparency, efficiency, and the institution's capacity to adapt to the requirements of a constantly changing healthcare system.

Overall, St. John Hospital emerges as an example of good practice and adaptability which, through responsible resource management and the adoption of necessary reforms, can strengthen its position within the public healthcare network of Romania.

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