



palgrave▶pivot

**Challenges in the Adoption
of International Public Sector
Accounting Standards**
The Experience of the Iberian
Peninsula as a Front Runner

Edited by

**Isabel Brusca · Patrícia Gomes
Maria José Fernandes
Vicente Montesinos**

palgrave
macmillan

Public Sector Financial Management

Series Editors

Sandra Cohen

Athens University of Economics and Business

Athens, Greece

Eugenio Caperchione

University of Modena and Reggio Emilia

Modena, Italy

Isabel Brusca

University of Zaragoza

Zaragoza, Spain

Francesca Manes-Rossi

University of Naples Federico II

Napoli, Italy

This series brings together cutting edge research in public administration on the new budgeting and accounting methodologies and their impact across the public sector, from central and local government to public health care and education. It considers the need for better quality accounting information for decision-making, planning and control in the public sector; the development of the IPSAS (International Public Sector Accounting Standards) and the EPSAS (European Public Sector Accounting Standards), including their merits and role in accounting harmonisation; accounting information's role in governments' financial sustainability and crisis confrontation; the contribution of sophisticated ICT systems to public sector financial, cost and management accounting deployment; and the relationship between robust accounting information and performance measurement. New trends in public sector reporting and auditing are covered as well. The series fills a significant gap in the market in which works on public sector accounting and financial management are sparse, while research in the area is experiencing unprecedented growth.

More information about this series at
<http://www.palgrave.com/gp/series/15782>

Isabel Brusca • Patrícia Gomes
Maria José Fernandes • Vicente Montesinos
Editors

Challenges in the Adoption of International Public Sector Accounting Standards

The Experience of the Iberian Peninsula
as a Front Runner

palgrave
macmillan

Editors

Isabel Brusca
Department of Accounting
and Finance
University of Zaragoza
Zaragoza, Spain

Maria José Fernandes
Department of Accounting and
Taxation
Polytechnic Institute of
Cávado and Ave
Barcelos, Portugal

Patrícia Gomes
Department of Accounting and
Taxation
Polytechnic Institute of
Cávado and Ave
Barcelos, Portugal

Vicente Montesinos
Department of Accounting
University of Valencia
Valencia, Spain

Public Sector Financial Management

ISBN 978-3-030-63124-6

ISBN 978-3-030-63125-3 (eBook)

<https://doi.org/10.1007/978-3-030-63125-3>

© The Editor(s) (if applicable) and The Author(s), under exclusive licence to Springer Nature Switzerland AG 2021

This work is subject to copyright. All rights are solely and exclusively licensed by the Publisher, whether the whole or part of the material is concerned, specifically the rights of translation, reprinting, reuse of illustrations, recitation, broadcasting, reproduction on microfilms or in any other physical way, and transmission or information storage and retrieval, electronic adaptation, computer software, or by similar or dissimilar methodology now known or hereafter developed.

The use of general descriptive names, registered names, trademarks, service marks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use. The publisher, the authors and the editors are safe to assume that the advice and information in this book are believed to be true and accurate at the date of publication. Neither the publisher nor the authors or the editors give a warranty, expressed or implied, with respect to the material contained herein or for any errors or omissions that may have been made. The publisher remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.

Cover pattern © Melisa Hasan

This Palgrave Pivot imprint is published by the registered company Springer Nature Switzerland AG.

The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

PREFACE

During the last years, the International Public Sector Accounting Standards (IPSAS) issued by International Public Sector Accounting Standard Board (IPSASB) have played an important role in the reform and modernization of public sector accounting in many countries. Similarly, the European Union considers that IPSAS can be a reference for the development of European Public Sector Accounting Standards (EPSAS), with the aim of harmonizing accounting systems of Member States. Spain and Portugal have introduced recently the IPSAS into their national accounting standards, which makes interesting to know their experiences.

The aim of this book is to take stock of the experiences of Spain and Portugal in the adoption of the IPSAS, showing the advantages, disadvantages and the main challenges for its implementation. This book can help to understand the level of implementation of the reforms and how governments are applying the IPSAS.

In the first chapter, Tobias Polzer, Christoph Reichard and Giuseppe Grossi analyse the organization of the International Public Sector Accounting Standards Board (IPSASB), with a focus on historic developments, pursued goals and standard-setting processes. Then, they analyse the conceptual framework as issued by the IPSASB.

Tobias Polzer, Giuseppe Grossi and Christoph Reichard, in the second chapter, offer an analysis of the diffusion of the IPSAS in the international framework and the process of harmonization in development in Europe.

Chapter 3, prepared by Patrícia Gomes, Susana Jorge and Maria José Fernandes, analyses the process of adaptation to IPSAS in Portugal. The

chapter presents the main advantages and difficulties in the perspective of different actors, such as pilot entities, standard setters, professionals and Court of Auditors. The lack of expertise on the field of public accounting and software's support were appointed as important obstacles.

In Chap. 4, Isabel Brusca, Rosa María Dasí, Amparo Gimeno-Ruiz and Vicente Montesinos, analyse the normative process and the main challenges and benefits that the new system has had in the three levels of government in Spain: central, regional and local. In order to understand the experience of practitioners, a survey for accountants and financial directors has been carried out in the three levels of governments: central, regional and local

In Chap. 5, Isabel Brusca, Patrícia Gomes, Maria José Fernandes and Vicente Montesinos, co-editors of the book, compare the process between Spain and Portugal.

The last chapter presents the main conclusions of the comparative analysis and summarizes the main implications and lessons learned for other countries.

Zaragoza, Spain
Barcelos, Portugal
Valencia, Spain

Isabel Brusca
Patrícia Gomes
Maria José Fernandes
Vicente Montesinos

ACKNOWLEDGMENTS

This work was financed by FEDER, Fundo Europeu de Desenvolvimento Regional funds through the COMPETE 2020, Operational Programme for Competitiveness and Internationalisation (POCI), and by Portuguese funds through FCT, Fundação para a Ciência e a Tecnologia, in the framework of the project POCI-01-0143-FEDER-016908 (PTDC/IIM-GES/6923/2014).

CONTENTS

1	Organization of the IPSASB, Conceptual Framework and Claimed Benefits and Criticisms of IPSAS	1
	Tobias Polzer, Christoph Reichard, and Giuseppe Grossi	
2	The Harmonization of Public Sector Accounting and Diffusion of IPSAS	17
	Tobias Polzer, Giuseppe Grossi, and Christoph Reichard	
3	The Application of IPSAS in Portugal	35
	Patrícia Gomes, Susana Jorge, and Maria José Fernandes	
4	The Application of the IPSAS in Spain	67
	Isabel Brusca, Rosa María Dasí, Amparo Gimeno-Ruiz, and Vicente Montesinos	
5	Comparative Analysis Between Portugal and Spain	105
	Patrícia Gomes, Isabel Brusca, Maria José Fernandes, and Vicente Montesinos	

6 General Conclusions	123
Patrícia Gomes, Isabel Brusca, Maria José Fernandes, and Vicente Montesinos	
Index	133

NOTES ON CONTRIBUTORS

Isabel Brusca is Professor of Accounting in the Department of Accounting and Finance at the University of Zaragoza. Her research and professional interest is focused on public sector accounting and management. She has participated in numerous research projects in this field and is the author of several books and papers in prestigious journals.

Rosa María Dasí is Associate Professor of Accounting and Finance in the Department of Accounting at the University of Valencia (Spain). Her research is mainly focused in the public sector accounting and budgeting and its relations with the National Accounts system. She has participated in several research projects in this field and is the author of several papers in prestigious journals.

Maria José Fernandes is Professor of Accounting in the Department of Accounting and Taxation at the Management School of the Polytechnic Institute of Cávado and Ave. Currently she is the president of the Polytechnic Institute of Cávado and Ave. Her research and professional interest is focused on finance and public sector accounting, particularly on local government accounting.

Amparo Gimeno-Ruiz is Associate Professor of Accounting and Finance in the Department of Accounting at the University of Valencia (Spain). Her research is mainly focused in the public sector accounting, budgeting and management. She has participated in research projects related to financial and management information of local entities.

Patrícia Gomes is Professor of Accounting in the Department of Accounting and Taxation at the Management School of the Polytechnic Institute of Cávado and Ave and a research member of the Research Centre on Accounting and Taxation. She is the coordinator of the post-graduates in the new Public Sector Accounting system based on IPSAS and the researcher responsible for various projects about public sector accounting. She is the author of several papers published in high-quality journals and books in the area of public accounting.

Giuseppe Grossi is Research Professor of Accounting at Nord University, Norway, Kristianstad University, Sweden, and Kozminski University, Poland. His recent publications concern hybrid organizations, smart cities, corruption and migration. He is editor in chief of *Journal of Public Budgeting, Accounting and Financial Management* (Emerald).

Susana Jorge is Associate Professor with Habilitation in the Faculty of Economics, University of Coimbra, Portugal; affiliated researcher of CICIP, Centro de Investigação em Ciência Política (Research Centre in Political Science), University of Minho, (Braga) Portugal; researcher in public sector accounting and management, especially focusing on financial reporting and in local government; and chair of the Comparative International Governmental Accounting Research Network.

Vicente Montesinos is Emeritus Professor of Accounting and Finance at the University of Valencia and a registered chartered accountant. He has been dean of his faculty and president of the Spanish Academic Accounting Association. Member of international projects for modernization of public administration, he headed the group of experts for designing a new accounting system of the European Commission. He publishes regularly in indexed scientific journals.

Tobias Polzer is an assistant professor at WU Vienna University of Economics and Business, Austria. His research interests include public (financial) management, public governance reforms and digitalization. His research has been published in *Critical Perspectives on Accounting*, *Abacus*, *Public Management Review*, *International Review of Administrative Sciences* and *Research in the Sociology of Organizations*. He serves as board member of the *Journal of Public Budgeting, Accounting and Financial Management*, the *Journal of Accounting in Emerging Economies*, and the *International Journal of Public Sector Management*.

Christoph Reichard is Emeritus Professor of Public Management at the University of Potsdam, Germany. His recent research covers performance budgeting, accounting change, HR issues, agencification and managerial reforms. He was chair of the European Association of Public Administration Accreditation (EAPAA) and is co-chair of the annual EGPA PhD Symposium.

ABBREVIATIONS

CFS	Consolidated Financial Statements
CNCP	Public Sector Accounting Committee—Comité de Normalização Contabilística Público
DGAL	General Directorate for Local Government—Direção Geral das Autarquias Locais
DGO	Budget General Directorate—Direção Geral de Orçamento
EC	European Commission
ECB	European Central Bank
ECE	Entidade Contabilística Estado
EPSAS	European Public Sector Accounting Standards
EU	European Union
GASB	Governmental Accounting Standards Board
GGAP	General Governmental Accounting Plan—Plan General de Contabilidad Pública
IAS	International Accounting Standards
ICAC	Spanish Institute of Accounting and Auditing—Instituto de Contabilidad y Auditoría de Cuentas
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standard
IGAE	The Government Comptroller’s Office—Intervención General de la Administración del Estado, IGAE
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
LEO	Budgeting Framework Law—Lei de Enquadramento Orçamental

NCP-PE	Public Accounting Standard for Small Entities—Norma de Contabilidade Pública para Pequenas Entidades
NPM	New Public Management
OCC	Portuguese Board of Chartered Certified Accountants—Ordem dos Contabilistas Certificados
POCP	General Governmental Accounting Plan—Plano Oficial de Contabilidade Pública
S3CP	Centralized system for Accounting and Public Purchases—Sistema Central de Contabilidade e Compras Públicas