International Consortium on Governmental Financial Management

“Working globally with governments, organizations, and individuals, the International Consortium on Governmental Financial Management is dedicated to improving financial management so that governments may better serve their citizens”

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**General Information**

“Working globally with governments, organizations, and individuals, the International Consortium on Governmental Financial Management is dedicated to improving financial management so that governments may better serve their citizens.”

Our mission includes three key elements. First, it highlights that, within the international community, the International Consortium on Governmental Financial Management (ICGFM or the “Consortium”) is unique - it serves as an “umbrella” bringing together diverse governmental entities, organizations (including universities, firms, and other professional associations), and individuals. At the same time, it welcomes a broad array of financial management practitioners (accountants, auditors, comptrollers, information technology specialists, treasurers, and others) working in all levels of government (local/municipal, and national). Additionally the mission statement emphasizes the organization’s commitment to improving government infrastructure so that needs of the people are better met. Our programs provide activities and products to advance governmental financial management principles and standards and promote their implementation and application.

Internationally, the Consortium: (1) sponsors meetings, conferences, and training that bring together financial managers from around the world to share information about and experiences in governmental financial management; and (2) promotes best practices and professional standards in governmental financial management and disseminates information about best practices and professional standards to our members and the public. ICGFM provides three options for membership:

1. **Sustaining Members**: organizations promoting professional development, training, research or technical assistance in financial management; willing to assume responsibility for and to actively participate in the affairs of the Consortium. Each Sustaining Member has a seat on the ICGFM Board of Directors. (Dues: $1,000)

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3. **Individual Members**: persons interested in or dedicated to activities directly related to financial management and who wish to be members in their own right. Six members of the ICGFM Board of Directors will be selected from among all individual members. (Dues: $100/$50*)

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Foreword

Currently many developing countries and countries in transition are in the process of improving their capacity to better understand financial management issues. This, in turn, leads to a growing awareness among a wide array of stakeholders of the usefulness of improving financial management to socio-economic development of nations. Therefore, the academics and practitioners should take the initiatives that assist these countries in understanding the new financial management issues. Effective financial management requires not only a sound policy/legal/regulatory framework, but also qualified human resources, as well-trained and motivated accounting personnel are a basic requirement for ensuring effective use of resources.

Therefore, in the first article of this issue Joseph Mensah Onumah and Emmanuel Mensah provide an overview of the state of governmental accounting education in Ghanaian business schools by exploring the presence, absence and coverage of governmental accounting courses in these schools. The findings suggest that governmental accounting has not been given the needed attention in schools, and a concerted effort among various stakeholders is encouraged to strengthen and bring governmental accounting to the limelight.

The second article focuses on the accounting treatment of different governmental capital assets. In this paper, Hassan Ouda has attempted to provide a practical solution for the remaining unresolved issue in the last 30 years by developing a Practical Holistic Accounting Approach for governmental capital assets. The development of this approach has resulted in developing two new recognition criteria and five recognition attributes that have been used to develop three sub-approaches for accounting treatment of governmental capital assets.

In the third article, Andy Wynne and Fred Mear attempt to codify good practices in financial reporting by sub-Saharan African governments. The study identifies, analyses and documents existing good practices from annual financial reports by central governments in sub-Saharan Africa. As such it provides a guide to governments wishing to improve the quality of their annual financial statements based on the approaches adopted by their peers.

In the last contribution, Mohammad Herli and Ashfi Humaira examines the application of accrual-based government accounting standards in the local government of Indonesia and determines the readiness of the RSUD dr. H. Moh. Anwar Sumenep government in presenting the financial statements based on accrual-based government accounting standards.

We hope the articles in this issue will stimulate discussion on contemporary problems of public organizations. If you would like to participate in such discussions, please contribute to the next issue of this Journal and/or attend future ICGFM events. We would also be pleased to receive reviews and suggestions for future issues. Send them to icgfm@icgfm.org.

We look forward to hearing from you!
May 2016 Issue

The State of Governmental and Not-For-Profit Accounting Education in Ghanaian Collegiate Business Schools

Joseph Mensah Onumah and Emmanuel Mensah

Governmental Capital assets: How Far Should the Accounting Recognition of These Assets Go?

Hassan Ouda

Government Financial Reporting - Good Practices from sub-Saharan Africa

Andy Wynne and Fred Mear


Mohammad Herli, Hafidhah, Ashfi Humaira

Invitation to Potential Authors

Invitation aux Auteurs Potentiels

Invitación a Posibles Autores
The State of Governmental and Not-For-Profit Accounting Education in Ghanaian Collegiate Business Schools

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Abstract

There is a growing awareness among a wide array of stakeholders of the usefulness of governmental and non-profit (GNP) accounting to the socio-economic development of nations. A cursory glance of the literature on GNP accounting education however reveals a dearth of research on the state of GNP accounting education in developing countries, including Ghana. This paper provides an overview of the state of GNP accounting education in Ghanaian business schools by exploring the presence, absence and coverage of GNP courses in these schools. The research found GNP accounting absent in some business schools. With those who had the GNP course present, the research found only marginal progress in broadening the coverage of GNP accounting in most institutions. The findings suggest that GNP accounting has not been given the needed attention in schools, and a concerted effort among various stakeholders is encouraged to strengthen and bring GNP accounting to the limelight.

Introduction

The relevance and importance of governmental accounting could not be overemphasized as a means of insuring the safe and efficient use of funds provided by and for the benefit of the general public (Nelson, 1951) as well as to establish a system for good public governance (Fumiki, 2007). The public sector like the non-profit sector primarily differs in its objective(s) from that of the private sector where ‘corporate style’ accounting evolved. The peculiarities of the public sector as well as the non-profit sector thus required tailoring accounting systems to meet the demands of those sectors. The prominence that not-for-profit organisations especially Non-Governmental Organisations (NGOs) have gained in recent times culminating in their recognition as the third sector (besides the private and public sectors) has called for increased demand for governmental and not-for profit accountants well-knowledgeable to man the accounting systems of these organisations. Besides, in an increasingly global economy, the main lever by which central governments can influence the success of the domestic economy is by ensuring its public sector operates efficiently and this can be facilitated by a good public sector accounting system. Public sector accounting is therefore invaluable to the efficient operation of the government machinery, and its education is essential to governments and the nation as a whole. Again, the move towards a change in the governmental financial reporting model, revisions to governmental auditing standards and increased government regulations have created a need for accounting graduates to be aware of specific requirements in the governmental/non-profit areas. Campbell and others (2000) note that many accounting programs focus on corporate accounting and leave some graduates unprepared for the governmental and non-profit sector. Epps and Brown (1992) concluded that academic institutions are neglecting the needs of governmental accountants. Their study indicates that there is a need to increase the level of governmental accounting training at the undergraduate level. While many schools appear to recognize the need to expose their graduates to some amount of governmental accounting, Dittenhofer and Sennetti (1994), note that, few schools actually require students to take an undergraduate governmental accounting course. A study by Miller and Van Daniker (1999), which covers a five-year period ending in 1999, shows there has been only a slight increase in
the percentage of schools offering either undergraduate or graduate courses in governmental accounting. Their findings indicate positive, but insignificant, progress in this area.

Nelson (1951) submits that business schools should provide suitable curricula and encourage accounting graduates to enter public service. However, like the comments and writings of many other accounting scholars, Nelson (1951)’s suggestion failed to point out to business schools what constitute suitable curricula and particularly what governmental accounting topics should be included in the curriculum. Fox (1977) later commented on the marked disparity between the growing complexities of governmental accounting and the coverage of such topics in contemporary business school accounting programmes. He reported that the governmental and not-for-profit accounting field had been “dreadfully” neglected in most academic programmes despite the increased demands placed on government accountants (Fox, 1977). These demands have become even more pronounced with the promulgation of reporting standards; International Public Sector Accounting Standards (IPSAS) for non-profit and governmental entities by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC). Crain (1981) reported that Certified Public Accountants (CPA) firms identified fund accounting1 as an area where the content level offered in collegiate business programs was less than desired. In a relatively recent report by Novin, Meeting and Schlemmer (1997), government accountants cited the lack of governmental accounting knowledge as a major weakness for entry-level accountants into public service, and by inference, they attributed the weakness to the failure of accounting departments of collegiate business schools to effectively incorporate governmental and non-profit accounting (GNP) topics into the curriculum. The paper explores the state of governmental and non-profit accounting education in Ghanaian university business schools as far as their programme curricula, course content and instructional methods are concerned so as to update and raise the awareness of various stakeholders to efforts being made to enhance the delivery of curricula tailored towards students interested in accounting careers in the governmental and non-profit sector. The paper also chronicles studies that have documented modest progress in broadening the coverage of GNP topics. It is envisaged that this review may better direct future plans for action by the GNP community, business schools, as well as the Institute of Chartered Accountants, Ghana (ICAG) being the sole regulator of the accountancy profession in the country to more effectively integrate GNP coverage into the accounting curriculum.

Demand Side (The Call for Improved GNP Accounting Curriculum)

The demand for an improved curriculum has surfaced from several groups. The financial and investment communities have long questioned the credibility of disclosures associated with governmental and non-profit entities (Henry, 1999; Sendt, 2005). Numerous fiscal and financial crises, including Ghana national airlines, raised public awareness regarding the need to improve the financial disclosure practices of these entities. A lack of apprehension of governmental accounting and auditing issues by many accounting professionals has further exacerbated not only the perception but also the reality of this condition. As noted earlier on, professional accounting firms identified fund accounting as an area where the content level offered in collegiate business programmes was less than desired (Crain, 1981). Moreover, it had been identified for example in a report issued by the General Accounting Office (GAO) in the US that many governmental audits performed by CPA firms did not comply with professional standards (GAO, 1986). In response to a growing incidence of substandard governmental audits,

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1 Fund Accounting is used synonymously with public sector accounting and accounting for governmental and nonprofit organisations (GNP) in this paper.
the GAO suggested improvement in the professions educational efforts including the expansion of college curricula to provide greater exposure to governmental accounting and auditing (GAO, 1986).

The GNP community and the profession alike have recognized the growing significance of governmental and non-profit accounting through several policy decisions, largely in the US. The American Institute of Certified Public Accountants (AICPA) issued a policy statement in 1972 that converted the coverage of governmental and non-profit accounting topics on the CPA examination from optional to mandatory (Crain, 1981). Moreover, in 1994 when the AICPA revised the format of the CPA examination, the percentage of the examination devoted to governmental and non-profit accounting topics was increased to 30% of the Accounting and Reporting (ARE) section. It is worth noting however that, recent changes to the format and content of the uniform examination which has reduced the coverage of GNP topics does not undermine the importance of these topics to the accounting practice in the US. In Ghana, the ICAG’s current review of its curriculum for professional accounting qualification which dedicates a full paper (in Part 3) to the coverage of governmental accounting supports the call for an improved GNP curriculum. Formerly, topics on governmental accounting were given a minimal coverage under the Financial Accounting Practice (FAP) paper (www.icag.org).

The substantial growth experienced by non-profit organisations in terms of their social and economic impact on communities further demonstrate a need to expose accounting students to governmental and non-profit accounting. Trends in employment and resource allocations tended to support the need for graduate-level public sector accounting courses on a broad scale (Holder, 1978). A sharp increase in international development assistance to Ghana occurred between 1989 and 1990, with a significant amount of funds going to the non-profit sector (World Bank, World Tables, 1990). The 1990s saw an exponential growth in the non-profit sector and non-governmental organizations in Ghana, in both the number of groups and their range of activities. By the mid-1990s, the number of registered non-profit organizations grew to over 700 (Atingdui, 1995, p.15). According to the Non-profit Almanac (ACCESS, 1998), earnings paid to workers in the non-profit sector grew 338% between 1977-1994 compared to 228% and 198% for business and government, respectively. This sustained growth, coupled with downsizing trends in business, has compelled accounting graduates to consider other employment options, including positions with governmental and non-profit organisations. In Ghana, the migration of public service workers onto a new compensation regime known as the Single Spine Salary Scheme (SSSS) which has come to replace the Ghana Universal Salary Structure (GUSS) has excited positive interest and response among many potential employees including accounting graduates and professionals to seek employment options with the government. Past perceptions that accountants often chose second careers with the government for more reasonable work schedules and fringe benefits may soon fade, as the quality and quantity of job seekers of government accounting positions increase due to the increasing competitiveness of the job market in public accounting (Smith & Ahadiat, 1995).

Other groups have been vocal regarding the need to improve the coverage of GNP topics in accounting programmes. A series of committee reports of the American Accounting Association (AAA) in the 1970s documented the need for governmental and non-profit accounting courses (Crain, 1981), and more recently, the Accounting Education Change Commission (AECC, 1990) called for the accounting curricular to prepare students for careers in all types of organisations, including the GNP entities. Although the AECC noted that governmental and non-profit accounting represented specialised, not general accounting education, the AECC statement reiterates the importance of providing access to such information should students choose to follow career paths other than public accounting.
Supply Side (Academic Response)

Academic attention to the coverage of GNP topics in business school programmes has been minimal. There is also a general dearth in research in GNP accounting education possibly due to the lack of interest among accounting academics in GNP accounting education issues eventhough concerns about it is on the increase. When the various functional types of accounting are considered, it appears management accounting remains the most researched area of interest (Broadbent & Guthrie, 2008). The extent of interest in management accounting is illustrated in Figure 1.

![FIGURE 1: RESEARCH OUTPUT ON THE VARIOUS FUNCTIONAL TYPES OF ACCOUNTING](image)

**Source:** Broadbent & Guthrie (2008), C. Accounting Type

**KEY:**
- **C1.** Management Accounting/Budgeting/Financial Management
- **C2.** External Reporting (Financial, Social and Environmental, Intellectual Capital etc.)
- **C3.** Finance/Capital Budgeting
- **C4.** Auditing/Evaluation
- **C5.** Public Sector Accounting, Governance and Accountability
- **C6.** Privatisation, Private Finance Initiative and Public Private Partnerships
- **C7.** Other

As evidenced in Figure 1, from Broadbent and Guthrie (2008)’s review of Public-Sector Accounting Research (PSAR) papers from eight peer reviewed journals, Public Sector Accounting Research seems not to have excited much interest among accounting academics. More often than not, research endeavours in governmental accounting education and research have generally been limited to narrative commentaries (Nelson, 1951; Fox, 1977; Crain, 1981; Broadbent & Guthrie, 1992; Broadbent & Guthrie, 2008) and survey studies that describe GNP course content and offerings and expectations for program changes (Holder, 1978; Engstrom, 1983; Crain, 1981).

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2 The Journals from where Broadbent & Guthrie (2008) carried out their review includes: Accounting, Auditing and Accountability Journal (AAAJ); Accounting Forum (AF); Accounting, Organizations and Society (AOS); British Accounting Review (BAR); Critical Perspectives on Accounting (CPA); European Accounting Review (EAR); Financial Accountability and Management (FAM); and Management Accounting Research (MAR).
1979; Engstrom & Green, 1981; Van Daniker & Miller, 1992; Dittenhofer & Sennetti, 1994; Miller & Van Daniker, 1999). Some of these studies examined course outlines, syllabi or other descriptive narratives to identify course materials and instructional methods. Even with IFAC’s International Education Standards (IESs), coverage of GNP topics are treated under the accounting, finance and related knowledge area which integrates knowledge, skills and professional values, ethics and attitudes from elsewhere into the subject areas that professional accountants need to study. It is this part that should include governmental and not-for-profit accounting issues. A brief overview of noted studies in the area of GNP accounting is provided in Figure 2.

**FIGURE 2: OVERVIEW OF GOVERNMENTAL ACCOUNTING EDUCATION STUDIES**

<table>
<thead>
<tr>
<th>Authors</th>
<th>Sample Group</th>
<th>No. of Sample</th>
<th>No. of Responses</th>
<th>Response Rate (%)</th>
<th>Question(s) Addressed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holder (1978)</td>
<td>AACSB Graduate Program Directors, Chairs and Faculty</td>
<td>123</td>
<td>81</td>
<td>65.8</td>
<td>Status of Graduate-level Public Sector Accounting Course Offerings; Plans for Future Course Developments; Factors Limiting such Development; Course Content</td>
</tr>
<tr>
<td>Engstrom (1979)</td>
<td>Directors of AACSB Accounting Programmes</td>
<td>198</td>
<td>122</td>
<td>61.6</td>
<td>Status of Course Offerings; Factors limiting course offerings; Plans for Future; Supply/demand for faculty</td>
</tr>
<tr>
<td>Engstrom &amp; Green (1981)</td>
<td>Directors of AACSB Accounting Programmes</td>
<td>215</td>
<td>137</td>
<td>63.7</td>
<td>Status of Course Offerings; Factors limiting course offerings; Plans for Future; Supply/demand for faculty; Course Content</td>
</tr>
<tr>
<td>Crain (1981)</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>Overview of prior studies; Review major events in history of curriculum development in accounting</td>
</tr>
<tr>
<td>Van Daniker &amp; Miller (1992)</td>
<td>Members of GNP Section of AAA</td>
<td>597</td>
<td>185</td>
<td>30.9</td>
<td>Course Offerings, Type of School, Rank of faculty, Years of teaching, Recent developments over past 3-5 years, major topics covered, Textbook used, Areas of future emphasis</td>
</tr>
<tr>
<td>Dittenhofer &amp; Sennetti (1994)</td>
<td>Directors of Accounting Programs at Major Colleges</td>
<td>492</td>
<td>258</td>
<td>52.4</td>
<td>Type of school, faculty experience, course offerings</td>
</tr>
<tr>
<td>Miller &amp; Van Daniker (1999)</td>
<td>Members of GNP Section of AAA</td>
<td>492</td>
<td>198</td>
<td>40.2</td>
<td>Course offerings, Type of school, Rank of faculty, Years of teaching, Recent developments over past 3-5 years, Major topics covered, Textbook used, Areas of future emphasis, Methods of instruction</td>
</tr>
<tr>
<td>Sciulli &amp; Sims (2005)</td>
<td>Accounting Academics across Australian Universities</td>
<td>60</td>
<td>42</td>
<td>70.0</td>
<td>Extent to which PSA is taught within Australian Universities, Type of School, Rank of Faculty, Student enrolment for 2005, Method of Teaching, Plans for the future.</td>
</tr>
</tbody>
</table>

Source: Adapted from Henry (2005)

**Analysis of the Studies**
Fox (1977) made an early effort to assess existing conditions and to propose actions to address shortcomings in the educational coverage of governmental accounting. He noted that prior to the 1950s, the accounting faculty was a dominant force in most schools of business and commerce. Consequently, many programmes required students to complete as many as 48 semester hours of accounting to satisfy degree requirements, and there was ample room in the curriculum for a wide array of general and specialised topics (Fox, 1977). However, by the 1950s, as the concept of a broader, liberal arts education for business students spread throughout colleges and universities, the number of hours allotted in program curricula for accounting was reduced. Members of the public accounting and management accounting communities were vocal regarding early proposals to change the curriculum. The academic community heard about the educational needs of public accounting through AICPA and the needs of management accountants through the Institute of Management Accountants (IMA). Fox (1977) pointed out that the GNP accounting community failed to provide similar guidance to business school programmes.

Holder (1978) sought to answer questions regarding the status and potential future of graduate-level public sector accounting education in the US. He found that only 11 out of 81 (or 13%) off respondents from AACSB-accredited graduate business programmes offered such a course. Engstrom (1979) assessed the status of undergraduate public-sector accounting education based on the quantity and content of GNP course offerings at US colleges and universities. Engstrom found that while over half of the responding institutions offered an elective GNP course, an equal number of institutions covered GNP topics in other accounting courses. Only 3 respondents reported that exposure to GNP subject matter was mandatory. This suggests that exposure to public-sector accounting was usually optional, and students would often obtain GNP accounting information through CPA review programmes. Nevertheless, while few programmes recognized the need to require exposure to GNP topics, most acknowledged the necessity to provide access to the information (Engstrom, 1979). A follow-up study conducted by Engstrom and Green (1981), also reported similar results.

Crain (1981) further made a review of several GNP accounting education studies, including Holder (1978), Engstrom (1979) and Engstrom and Green (1981), with the intent of encouraging improvements to accounting curricula. Crain (1981) found out that few programmes required the GNP accounting course and often seldom offered more than one course.

Likewise, Dittenhofer and Sennetti (1994) surveyed business programmes at major US colleges and universities to ascertain the status of governmental accounting courses. They examined the type of collegiate business schools that offered GNP courses. The researchers discovered that most respondents (70%) offered a separate GNP course, but few (17%) required the course for graduation. Again, they found out that public, non AACSB-accredited, and non research-funded colleges were more likely to offer separate GNP courses, while their counterparts tended to cover GNP topics in other accounting courses. The study reported that the status of GNP accounting was “encouraging” but “problematic” because the coverage of GNP topics, although available, was seldom emphasized by most major accounting programmes.

Van Daniker and Miller (1992) assessed trends in the education and training of government accountants. The researchers asked respondents to identify recent significant developments in governmental accounting education, in addition to the changes made or that needs to be made to improve instruction now and in the future. 15% of the respondents indicated that governmental accounting courses were not offered in their institutions. A follow-up was conducted to further investigate the results of the original study of 1992. Miller and Van Daniker (1999) reported that 46% of respondents indicated that a GNP course was offered at the undergraduate level, while 34% reported that a separate course was offered at both the graduate and undergraduate levels.
Of the colleges that offered GNP courses, 71% indicated that the course was offered only as an elective (Miller and Van Daniker, 1999). Contrasting their earlier study with this one, Miller and Van Daniker (1999) reported 12% of their respondents to have indicated that a course in governmental accounting was not offered. Of those respondents that reported no GNP course offerings, 53% stated that governmental accounting topics were covered in other accounting courses.

Sciulli and Sims (2005) also examined the extent to which Australian university accounting degree programmes include Public Sector Accounting content in their curriculums. The researchers reviewed accounting curriculum information provided on the websites of 39 Australian universities and discovered that 32 out of the 39 universities did not offer PSA at an undergraduate level. This discovery was confirmed by the universities to be the case. The researcher further conducted telephone interviews of course coordinators for five core accounting subjects (namely: introductory accounting, management accounting, financial accounting, auditing and corporate finance) across twelve universities. Out of an interview sample of 60 (twelve universities × five core accounting subjects), the researchers carried out 42 interviews. The incorporation of public sector accounting content was discussed with the respondents and it was evident that the majority of their respondents (79%) did not incorporate any PSA teaching content in their particular subjects. 33% of the respondents cited not having enough time as their main reason for non-incorporation of PSA content in their respective curriculums. They however indicated their willingness to expose their students to public sector issues, given some ample time. A summary of the courses offered in the US and Australia appear in Table 2.

**FIGURE 3: GNP COURSES OFFERED ACROSS US AND AUSTRALIAN BUSINESS SCHOOL PROGRAMMES**

<table>
<thead>
<tr>
<th>Authors</th>
<th>Course required</th>
<th>Course not required, but optional</th>
<th>Course not offered, but topics covered in other courses</th>
<th>Courses not offered; topics not covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>*Engstrom (1979)</td>
<td>2.5%</td>
<td>63.9%</td>
<td>68.0%</td>
<td>NA</td>
</tr>
<tr>
<td>*Engstrom &amp; Green (1981)</td>
<td>5.8%</td>
<td>69.0%</td>
<td>64.2%</td>
<td>NA</td>
</tr>
<tr>
<td>Van Daniker &amp; Miller (1992)</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>15.0%</td>
</tr>
<tr>
<td>Dittenhofer &amp; Sennetti (1994)</td>
<td>17.0%</td>
<td>53.0%</td>
<td>25.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Miller &amp; Van Daniker (1999)</td>
<td>9.0%</td>
<td>71.0%</td>
<td>8.0%</td>
<td>12.0%</td>
</tr>
<tr>
<td>Sciulli &amp; Sims (2005)</td>
<td>21%</td>
<td>NA</td>
<td>NA</td>
<td>79%</td>
</tr>
</tbody>
</table>

Source: Adapted from Henry (2005)

*Engstrom (1979) and Engstrom & Green (1981) allowed respondents to choose multiple answers. Consequently, the sum of percentages does not total 100. Again, questions not addressed by the various authors or which results were not reported have been denoted NA (Not Applicable).

In general, these studies have found most business programmes willing to expose students to governmental accounting. However, the results further suggest that most of these programmes have somewhat neglected GNP accounting. Moreover, others which incorporate it do not place emphasis on the coverage of GNP accounting topics despite significant changes in governmental financial reporting and management practices which have come about as a result
of public sector reforms. A brief discussion of some of the reforms that have taken place around the world follows.

**Public Sector Accounting (PSA) and Management Reforms**

Hood (1995) has been widely credited for identifying the major themes of what he calls the “New Public Management.” Broadly speaking, the public sector has unquestionably adopted many private sector management techniques in its quest for improved efficiency, effectiveness and value-for-money. There have been several reforms that have occurred and continue to occur in the Public Sector in many countries. Jones and Kettle (2003) described reforms in Australia and New Zealand public management which they adjudge as benchmarks for other countries. Atingdui (1995) has also described reforms that have taken place in the Ghanaian Public Sector.

Over the past few decades, researchers (Llewellyn, 1998; Lawrence, 1999; Llewellyn and Northcott, 2005; Mir and Rahaman, 2007) have directed significant energies at understanding the role of accounting in the sweeping reforms in almost every country in the world, and have found accounting to play a significant role in the successful implementation of organizational change and reforms at both micro and macro levels. Some scholars (Osborne and Gaebler, 1992; Lapsey, 1999; Ball, 2001; Sevic, 2004 and Goddard, 2005) have tried to examine the relationship between accounting and public sector reforms but their findings have been diverse and mixed. Most of the studies stress the importance of accounting to successful public sector reforms (Goddard, 2005).

According to Stamatiadis (2009), public sector accounting reform has often been the first step of government reforms and it is considered as an important condition and prerequisite for the success of other subsequent public sector reforms under the new public management movement.

In the same vein, public sector reforms have had considerable implications for accounting. The reforms have changed the traditional role of accounting to one that is more focused on accountability, and one that gives more attention to outputs, performance measurement, efficiency, cost saving and productivity (Guthrie, 1995). Technology developments have assisted this trend through the provision of cheap and efficient information and monitoring systems made available on-line (Webster and Harding, 2000, cited in Sciulli and Sims, 2005).

Examples of reforms that have affected most public sectors include, but are not limited to accrual accounting and reporting, accrual budgeting, user pays, privatization, and outsourcing part and/or whole of government reporting (Mulgan, 2000). In fact, one significant public sector management reform is the increasing trend to outsource public sector services to the private sector (Mulgan, 2000). This state of affairs may be attributed partly to the lack of GNP accounting manpower training for the public sector.

Ridder, and others (2005) who employed the resource view in their study concluded that human resource is a crucial determinant of successful implementation of accrual accounting and output-based budgeting in six municipalities in Germany. Stamatiadis (2009), in consonance with Ridder and others’ (2005) study reported that, lack of knowledge and expertise as well as the lack of GNP accounting training negatively affected the successful implementation of accrual accounting reforms in Greek hospitals. Ghana is still transitioning from cash-based IPSAS to accrual-based IPSAS and would do well to take cues from these studies.

Klumpus (2001) undertook a case study which explored the political interactions between the contemporary evolution of the public sector accounting principles, and the changing accountability and financial management roles of the State Authorities Superannuation Board of New South Wales (SASB). This case study revealed that the adoption of the accrual based management principles failed to address apparent growth of the SASB’s under-funded pension liabilities of its defined benefit schemes and may have led to the subsequent closure of the major State Authorities Superannuation Scheme (SAS) pooled fund in 1992. The promulgation of
International Public Sector Accounting Standards (IPSAS) by the International Public Sector Accounting Standards Board (IPSASB) of International Federation of Accountants (IFAC) presents yet another hurdle for consideration in the reform of Public Sector Accounting and Management of many countries.

In the context of all the recent changes and reforms that have occurred and will no doubt continue to occur, it is appropriate to consider the status of Public Sector Accounting Education (PSAE) in Ghanaian universities. Besides, given the number and impact of public sector management reforms that have occurred over the past decade, some accounting content would have reflected this fact. On both accounts, it appears that there is a significant disparity between these public sector reforms and accounting students’ knowledge of them.

The Ghanaian Case

The 1992 Republican Constitution of Ghana defines the Public Sector as a vital part of the Ghanaian economy, with critical decisions affecting every person throughout the country. As early as Ghana’s pre-colonial era, civil society has shaped, and been shaped by, the country’s political developments. After independence in 1957, the government created economic and social reconstruction development plans. This included putting local development committees and the emerging nonprofit sector in charge of providing education, health and social services for the country’s citizens. According to Atingdui (1995, p.11-12), during the period of political and economic instability that followed independence, citizens were dependent on humanitarian aid and emergency services provided by churches and charities.

By the early 1980s, the country’s subsequent reorganization of the public and private sectors directly affected religious and church-related organizations, requiring them to reapply for registration with the government (Atingdui, 1995, p.12). Despite the government’s move to exert more control over NGOs, local groups continued to grow and expand unabated. A sharp increase in international development assistance to Ghana occurred between 1989 and 1990, with a significant amount of funds going to the non-profit sector (World Bank, World Tables, 1990). The 1990s saw an exponential growth in the non-profit sector and non-governmental organizations in Ghana, in both the number of groups and their range of activities. By the mid 1990s, the number of registered nonprofit organizations grew to over 700 (Atingdui, 1995, p.15).

Currently, the sector encompasses thousands of organizations of all sizes and types. Nonprofit organizations in Ghana are defined as “civil society organizations that are formed independently of the State but register voluntarily under specified laws in order to gain official recognition to pursue purposes that are not self-serving but oriented towards public benefit.” (NGC, National Draft Policy, 2005). As Ghana moves into the 21st century, civil society in the country is a sector that is still growing and defining itself. Growth in the NGO sector, coupled with recent downsizing trends in business, has compelled accounting graduates to consider other employment options, including positions with governmental and non-profit organisations. Moreover, recent ongoing structural reforms in the Ghanaian public sector; notable among them being the Ghana Integrated Financial Management Information System (GIFMIS) and the Single Spine Salary Structure (SSSS) which places all workers on a vertical structure, making sure that jobs within the same job value range are paid within the same pay range, have stimulated employment interests in the public sector (GNA, 2009). As the civil society grows, so does their accounting needs. The major role of an NGO accountant involves preparing bills
for donor organizations in compliance with donor agreement. They should also maintain good relationship with donors, prepare and analyze project reports as per the budget, be competent to handle the finalization of accounts for clients, and develop an effective accounting system to deal with the nuances of non-profit book-keeping and reporting. Collegiate education and training in GNP accounting issues is thus crucial for accounting manpower to abreast themselves with, especially those seeking to enter into public service or the NGO sector, so as to enable them demonstrate the required competencies expected in that sector. The need for GNP accounting education places a demand on Ghanaian business schools to integrate GNP accounting topics or courses into their curriculum. Currently, Ghana has adopted the cash basis IPSAS, and is transitioning to the accrual basis IPSAS. However, government business enterprises are not consolidated as required by IPSAS. The thrust of the argument is whether the accounting curriculum has matched the level of importance of the public sector and its reforms.

As noted earlier on, previous research provides many insights into the deficiencies of accounting education as well as various suggestions on how accounting education can be improved within the university curricula; notable among them being Albrecht and Sack (2000) study. However, as suggested earlier, there has been a dearth of research focusing on GNP accounting education, most especially in the developing world. This project sought to address this deficiency by providing the GNP community and others with insights into the state of GNP accounting education in collegiate business schools with a view to stimulate research in GNP accounting issues.

The researchers conducted a survey of Ghanaian collegiate business schools accounting curriculums to find out the presence or absence of GNP accounting courses in their respective curriculums as well as the coverage of GNP accounting topics in their curriculums.

Method

A mixture of content analysis and telephone interviews were undertaken to gather the data for the research study. A systematic analysis to identify the presence or absence of GNP accounting course in Ghanaian collegiate business schools curricula as well as the specific coverage of GNP accounting in the courses was determined to be the most appropriate research technique to gain a preliminary understanding of the state of public sector accounting education.

The Sample Size and Data Collection

The researchers purposively selected 35 collegiate business schools\(^3\) out of the 55 accredited public and private universities and university-colleges who offer degree programmes as listed on the website of the National Accreditations Board (www.nab.gov.gh). The websites\(^4\) of these business schools were used to gather information on the courses and contents of their curriculum in general and their accounting curriculum in particular to identify the GNP subject matter or content. Initial e-mails were sent to the appropriate departments/quarters of these schools through their contact information provided on their websites to inform them about the research, as well as to gather information about the presence or absence of GNP accounting in

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\(^3\) Collegiate business schools as used in this paper refer to Accredited Universities and/ University Colleges that run business programmes (including Accounting Option) in their curriculum.

\(^4\) All the websites of the business schools surveyed can be obtained at www.nab.gov.gh.
their curriculums. Later, telephone calls were made to the heads and / instructors (coordinators) of the GNP course in the schools that offered GNP accounting, or covered its topics in their accounting curriculums to elicit information on the specific topics covered as well as the instructional methods used and other related issues. Further correspondence through e-mails with the heads and/ faculty members who are instructors for the GNP accounting course were made in order to retrieve the syllabuses, course outlines, and methods of instruction used in teaching the GNP course.

**Telephone Interviews**

Telephone interviews were chosen to ensure a sufficiently high response rate. An interview schedule was drafted which consisted of open-ended response questions. The questions sought to determine the following:

- The presence or absence of a GNP accounting course in the accounting curriculum
- Whether other core accounting subjects incorporated GNP accounting topics
- Whether there is a need for GNP accounting education, and if so, what could be done to encourage universities to encourage GNP accounting content in the accounting curriculum

The main aim of the interviews was to get the perceptions of accounting academics in relation to GNP accounting education. The open ended nature of the interviews allowed respondents to describe key events as well as provide broader insights into the nature and extent of GNP accounting education. Open ended questions allowed the respondents to expand upon what they considered were the important issues coming up in GNP accounting and problems which still needs to be resolved. This style of questions lends itself to the opportunity for the respondents to highlight key issues which the researchers can follow up at a subsequent time. The respondent in this way is analogous to an informant. In other words, these interviewees were selected on the basis of their specialized knowledge of accounting/business courses rather than they being selected at random. As quoted in Sciulli and Sims (2005, p.7) and Tremblay (1995, p.212), this technique is effective when “defining the essential characteristics of some issue by drawing on personal experience and understanding of the people involved.”

Most of the respondent-academics had a teaching and/or research interest in GNP accounting. A few however did not.

**Results and Findings of the Study**

Based on a review of the information contained on each university’s website and subsequent confirmations by the heads and/ coordinators of the accounting programmes of the schools surveyed, 11 out of the 25 respondent universities representing about 44% of the respondents entirely did not offer a GNP accounting subject matter in their accounting curriculum. This finding is quite surprising given the increasing trend in reforms currently going on in the Ghanaian public sector. Moreover, 10 out of the 35 schools included in the study did not respond to the survey which presents the possibility of the figure reported (44%) being understated.

The researchers well aware of this and in light of the high non-response rate endeavoured to make informal contacts with some products from some of these non-respondent schools whom
the researchers happened to know. The informal discussions with these products had a snowballing effect in that other products from other universities were identified through these discussions. Drawing from some comments like “I don’t know about Public Sector Accounting,” “Is Public Sector Accounting part of an accounting curriculum?” which were gathered from the informal ad hoc discussions with these graduates, the researchers believe that many of the non-respondent universities do not have the GNP accounting course in their accounting curriculums.

Again, it was found out that 9 respondents out of 25 who offered the GNP accounting course make it mandatory for graduation in the accounting programme. Only 1 of the schools run the GNP programme on an “as available basis” and as such did not mandate it for graduation in the accounting programme. Those that did not have the GNP accounting as a separate course still covered its topics in other mandatory accounting courses. None of the schools that run the GNP accounting course was identified to be running it as an optional course in the accounting programme. Even the only school that was identified to be running it on an “as available basis” made it compulsory for the accounting students whenever the course was mounted in an academic year. Figures 4 and 5 present the GNP course offerings across Ghanaian business school programmes, and their coverage thereof.

FIGURE 4: GNP COURSE OFFERINGS ACROSS GHANAIAN BUSINESS SCHOOL PROGRAMMES

<table>
<thead>
<tr>
<th>No. of Institutions contacted for the study</th>
<th>Number of Institutions that responded to the study</th>
<th>% of respondents that require and mandate the GNP accounting course for graduation</th>
<th>% of respondents that run the GNP accounting course but do not mandate it for graduation</th>
<th>% of respondents that indicate that the course is not offered but topics covered in other courses</th>
<th>% of respondents that indicate that the course is not offered; and topics not covered at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>35</td>
<td>25</td>
<td>36.0%</td>
<td>0.04%</td>
<td>12.0%</td>
<td>44.0%</td>
</tr>
</tbody>
</table>

Source: Authors’ Research (2014)

5 The GNP course is only mounted in an academic year when they have available tutors for the course. Otherwise, the course would not be mounted in an academic year where there is no GNP course instructor(s) available, hence, not made mandatory for graduation in the accounting programme.
## FIGURE 5: COVERAGE OF GNP TOPICS IN GHANAIAN BUSINESS SCHOOLS

<table>
<thead>
<tr>
<th>Name of Business School¹</th>
<th>*Presence/Absence of GNP Accounting/Content</th>
<th>Content of GNP Accounting Syllabi</th>
</tr>
</thead>
<tbody>
<tr>
<td>UDSS</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Ideas UC</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Jayee UC</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Adv BC</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Radford UC</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>ANUC</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Dom UC</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Knutsford C</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Is UC</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Presby UC</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>KNUST</td>
<td>1</td>
<td>Introduction to GNP accounting (including differences between PSA and Private Sector Accounting); Central Government Budget Process; Fiscal procedures and Financial Record Keeping of Ministries, Departments, and Agencies, and NGOs, Performance Evaluation Procedures and Techniques, &amp; Financial Statement Analysis of Public Sector Accounts.</td>
</tr>
<tr>
<td>UPS</td>
<td>1</td>
<td>Introduction to GNP Accounting (including differences between PSA and Private Sector Accounting); Types of GNP Financial Accounting Practices; Accounting for Central Government Activities, i.e. Public Expenditure Survey, Annual Budget Preparation, Vote and Appropriation Accounting, Fund Accounting and Books of Accounts; Local Government Accounting and Operation of District Assembly Common Fund.</td>
</tr>
<tr>
<td>Cent UC</td>
<td>1</td>
<td>Introduction to PSA (Nature, Characteristics, Scope of Public Sector and its comparison to Private Sector); Government Budget and Budgeting (process involved, types of budgets) Performance Evaluation/Assessment; Fund Accounting (cash, accrual, modified, accrual, and commitment/encumberance accounting); Government Funds; Systems of Accounting at the Ministries and Controller &amp; Accountant General’s Department; Local Government Accounting</td>
</tr>
</tbody>
</table>

¹ The names of the business schools included in the study have been attached as an appendix.
<table>
<thead>
<tr>
<th>Name of Business School¹</th>
<th>*Presence/Absence of GNP Accounting/Content</th>
<th>Content of GNP Accounting Syllabi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mer UC</td>
<td>1</td>
<td>Introduction to PSA (including differences between PSA and Private Sector Accounting); Examination of existing legislation relating to governmental activities in Ghana; The Role and Function of the Ministry of Finance and Economic Planning in the preparation of the National Budget; The Budget Preparation Process, using Medium Term Expenditure Framework; The Role and Functions of the Accountant General and the Auditor General.</td>
</tr>
<tr>
<td>PUC</td>
<td>1</td>
<td>Public Sector Accounting (meaning, existence, classification, organizational framework, and its difference from private sector accounting); Public Expenditure Survey; The Annual Budget Process; Appropriations, Classifications of Government Expenditure; Financing of Government Budget; Types of Budgets; Types of National Funds; Financial Accountability; Preparation of Public Accounts; Financing Unexpected Events; The Concept of Virement; Methods of Accounting in the Public Sector; The District Assembly Concept; Auditing in the Public Sector, Public Funds; Miscellaneous topics.</td>
</tr>
<tr>
<td>UEW</td>
<td>1</td>
<td>Nature of PSA; Control and Management of Public Funds; Disbursement of Public Funds; Deposits and other Trust Monies; Revenue and Expenditure of Public Funds; Government Accounts; Fund and Budgetary Accounting; Non-exchange Transaction in Government Accounting; IPSAS on Non-exchange Transactions; Government Stores and Procurement Process; Accounting for Schools (colleges and universities); Accounting for Hospitals (health services); Labour and Remuneration; Employment, Post-employment Benefits; Accounting and Reporting for MMDAs</td>
</tr>
<tr>
<td>UG</td>
<td>1</td>
<td>Nature and Governance of the Public Sector; Financing arrangements and Public Sector Accounting Frameworks; Budgetary and Fund Accounting and Reporting; Accounting and Reporting for Local Government Administration; Performance Measurement in the Public Sector; Miscellaneous Issues (involving Public Sector Auditing, Theory and Practice; Accounting for Non Governmental Organisations; Accounting for Universities and Colleges; Accounting for Health Care Organisations.</td>
</tr>
<tr>
<td>VVU</td>
<td>1</td>
<td>Public Sector Accounting (meaning, differences from private sector, structure, nature and establishment, sources of funding, control and audit, and financial reporting requirements); Principles and Concepts used in PSA; Methods used in PSA (cash, accrual, modified accrual, fund, depreciation, and provisions, budget and commitment accounting); The Consolidated Fund; Government Budget Process; Government Expenditure Process; Local Government and District Assembly Accounts</td>
</tr>
<tr>
<td>Mar UC</td>
<td>2</td>
<td>Introduction to PSA Accounting (including differences between PSA and Private Sector Accounting); Types of GNP Financial Accounting Practices; Accounting for Central Government Activities, i.e. Public Expenditure Survey, Annual Budget Preparation, Vote and Appropriation Accounting, Fund Accounting and Books of Accounts; Local Government Accounting and Operation of District Assembly Common Fund.</td>
</tr>
<tr>
<td>CA UC</td>
<td>3</td>
<td>Introduction to Public Sector; Accounting for Government; Central Government Budgeting and Appropriations; Funds; Sources and Uses of Government Funds; Operations of District Assembly Common Fund; Income and Expenditure Accounts</td>
</tr>
</tbody>
</table>

¹Note: The table represents the presence/absence of GNP Accounting/Content in the syllabi of various Ghanaian business schools.
Figure 5: Coverage of GNP Topics in Ghanaian Business Schools

<table>
<thead>
<tr>
<th>Name of Business School</th>
<th>*Presence/Absence of GNP Accounting/Content</th>
<th>Content of GNP Accounting Syllabi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ca UC</td>
<td>3</td>
<td>Introduction to Public Sector; Accounting and Reporting for Central Government; Financial Record Keeping of Ministries, Departments and Agencies; Performance Evaluation Procedures and Techniques; Income and Expenditure Accounts.</td>
</tr>
<tr>
<td>GCUC</td>
<td>3</td>
<td>Introduction to Public Sector; Accounting and Reporting for Central Government; Financial Record Keeping of Ministries, Departments and Agencies; Performance Evaluation Procedures and Techniques; Income and Expenditure Accounts.</td>
</tr>
<tr>
<td>GIMPA</td>
<td>1</td>
<td>Introduction to PSA (including differences between PSA and Private Sector Accounting); Legal Environment and Regulatory Framework for the Public Sector; The Budget as a programme and as a process; Revenue Extraction and Reliability; Privatisation; Corporatisation; Competitive Tendering and Outsourcing; Inter and Intra Government Fiscal relations; Financial and Managerial Controls (including internal auditing in the public sector); Capital Planning and Public Borrowing; Services vs. Investments; Management of the Consolidated Fund; District Assemblies; Accounting and Reporting for the Public Sector (emphasis on Central Government Financial Reporting, Ministries, Departments and Agencies Financial Reporting); Performance Indicators and Performance Measurement; Public Sector Auditing; Modified Accrual Basis Accounting; Double Taxation Systems</td>
</tr>
<tr>
<td>MUC</td>
<td>1</td>
<td>Public Sector Accounting (meaning, differences from private sector, structure, nature and establishment, sources of funding, control and audit, and financial reporting requirements); Principles and Concepts used in PSA; Methods used in PSA (cash, accrual, modified accrual, fund, depreciation, and provisions, budget and commitment accounting); The Consolidated Fund; Government Budget Process; Government Expenditure Process; Local Government and District Assembly Accounts; Performance Measurement in the Public Sector; Miscellaneous Issues (involving Public Sector Auditing, Theory and Practice; Accounting for Non Governmental Organisations; Accounting for Universities and Colleges; Accounting for Health Care Organisations.</td>
</tr>
<tr>
<td>Ashesi UC</td>
<td>4</td>
<td>GNP Absent</td>
</tr>
<tr>
<td>CSUC</td>
<td>4</td>
<td>GNP Absent</td>
</tr>
<tr>
<td>Data Link</td>
<td>4</td>
<td>GNP Absent</td>
</tr>
<tr>
<td>GBUC</td>
<td>4</td>
<td>GNP Absent</td>
</tr>
</tbody>
</table>

2 The content of this Institution’s GNP Accounting Curriculum is inter alia Public Sector Finance.
## FIGURE 5: COVERAGE OF GNP TOPICS IN GHANAIAN BUSINESS SCHOOLS

<table>
<thead>
<tr>
<th>Name of Business School</th>
<th>*Presence/Absence of GNP Accounting/Content</th>
<th>Content of GNP Accounting Syllabi</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>KAAF UC</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Reg UC</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Spiritan UC</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>UCC</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>West End</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>WIUC</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Zenith</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage (%)</td>
<td>28.6</td>
<td>25.7</td>
</tr>
</tbody>
</table>

Source: Authors’ Research (2014)

*Presence/Absence of GNP:*

0--- No Response Retrieved from the University

1--- GNP Course Present and mandatory for graduation

2--- GNP Course Present but not mandatory for graduation

3--- GNP Course Absent but topics treated in other accounting courses

4--- GNP Course Absent, and topics not treated in any other accounting course
Analysis of Course Content and Instruction Methods

The study gathered course specific information, such as course outlines and syllabi, to ascertain what topics were covered and what instructional methods were in use. The study found out that Budgetary Accounting for Central Government (external financial reporting issues) and Accounting for Local Government Administration were the most prominent features in almost all the GNP content of the surveyed schools. Delivery of such topics was confirmed to consume a great deal of the class time allotted for the GNP course. Most of the courses also devoted some time to the coverage of the operations of the District Assembly Common Fund.

The method of instruction for all the GNP courses surveyed combines lectures on the topics with in-class discussions, case studies and presentations and problem solving approaches. Project and assignment presentations and regular quizzes have been a major feedback tool. The instructional methods used in conveying the subject matter indicates that, instruction is evolving from a standard textbook approach to one of interaction and discussion of the GNP accounting issues and developments in governmental accounting.

Auditing public sector entities as well as accounting and financial reporting for specific non-profit entities such as hospitals and schools appears not covered in majority of GNP accounting courses. Interestingly, the findings of the study closely mirror that of Holder (1978) who reported similar results from his study over three decades ago in the US. A much recent study by Krah and Aveh (2013) which sampled the GNP content of five Ghanaian universities also reported absence of GNP coverage of financial reporting for non-profit entities such as hospitals, universities and NGOs. This shows how static GNP accounting appears to have been over the years. Nevertheless, when respondents were asked about what they anticipated to be the future trend in the coverage of and discussions of GNP subject matter in their curriculums, they indicated that, they anticipate a shift in the trend of discussions in favour of Performance Measurement issues in the Public Sector, Auditing and Accounting for NGOs as well as specific non-profit entities like healthcare institutions and schools.

Factors Limiting the Integration of Governmental Accounting Topics

Several studies have identified a number of factors limiting the broadening of program curricula to enhance the coverage of public-sector accounting. The most often cited limitation to expanding the coverage of such topics has been budget constraints (Holder, 1978; Engstrom, 1979; Engstrom & Green, 1981; Miller & Van Daniker, 1999). A second impediment was the lack of interested or qualified faculty (Krah and Aveh, 2013). Our survey of the presence/absence of the governmental accounting course in Ghanaian collegiate business schools also revealed that, the course was entirely absent in some business school curricula. About 44% of respondent business schools surveyed neither run a GNP accounting course nor covered its topics in some other accounting course. This state of affairs, the researchers believe, is likely fueled by a perceived lack of demand among doctoral students for faculty with GNP accounting research and teaching skills and interests. Nonetheless, there is an interesting finding from Engstrom’s (1979) survey of programme administrators and doctoral students to ascertain the supply and demand for governmental accounting faculty. Their survey reported an excess demand
over supply based on programme administrators anticipated plans to hire GNP faculty and doctoral students with GNP teaching and research interest.

Several other studies identified a lack of student interest as an impediment to additional course offerings (Crain, 1981). In the Van Daniker and Miller (1992) study, 21% of the respondents cited the lack of student interest as a reason for not offering the governmental accounting course. Given an increased emphasis on governmental accounting on professional examinations like the CPA and the ICAG examination, coupled with the growing significance of government in all aspects of society, the researchers, sharing similar sentiments as that of Van Daniker and Miller (1992), finds this state of affairs “disturbing.” However, rather promisingly, a later follow up study by Miller and Van Daniker (1999) saw a marked increase in students’ interest in GNP courses which they attributed to the changes in the AICPA uniform certification examination and the development of the Certified Financial Manager (CGFM) designation by the Association of Government Accountants (AGA). It is envisaged that the review of ICAG’s professional accounting curriculum (with GNP accounting offered as a separate paper) will spur interest in GNP accounting issues in Ghana.

Implications and Conclusions

Engstrom and Green (1981) suggested that, the GNP community take more steps to convince educators that governmental accounting should occupy a prominent position in the curriculum. In addition, other studies have made calls for action to the governmental accounting community including:

- Establish a common body of knowledge for government accountants (Fox, 1977);
- Develop the accounting curricula to recognize that accounting serves governmental and non-profit organisations (Fox, 1977; Engstrom, 1979);
- Establish research funding programmes to encourage GNP accounting research (Crain, 1981);
- Support greater collaboration between AGA, AAA, American Association of Collegiate schools of Business (AACSB), International Association for Management Education, Government Finance Officers Association (GFOA) and other relevant stakeholders (Fox, 1977; Engstrom, 1979; Crain, 1981; Dittenhofer & Sennett, 1994);
- Encourage faculty and student internship or mentoring programmes with GNP organisations (Crain, 1981; Shivaswamy & Hanks, 1985; Miller and Van Daniker, 1999); and
- Encourage government and non-profit organisations to become more visible on campuses through on-campus recruiting and public forums (Crain, 1981; Shivaswamy & Hanks, 1985).

The underlying objective associated with many of these calls and actions is for increased exposure to GNP accounting work. The researchers believe that, most of these calls although made several years ago have gone unheeded and is still even more relevant in our day especially in the developing world, particularly Ghana. Shivaswamy and Hanks
(1985) surveyed accounting students to ascertain why few students pursued careers in government. They discovered that most students viewed the non-monetary rewards (e.g. job security, quality of life) favourably, but very few viewed government careers to provide high earnings and career advancement opportunities. Many faculty and students do not appreciate the challenges of GNP accounting work because they have not been exposed. Faculty and students must become aware of the increasing demand for accountants in governmental and non-profit organisations. Del Vecchio and Elfrink (2001) noted that the Bureau of Labour Statistics predicted demand for accountants in the public sector of Italy would grow 10-20% over the next decade and this has not been far from the truth. Even in Ghana as Attingdui (1995) remarks, there is an exponential trend of growth in number, in development assistance (e.g. as occurred between 1989 and 1990), and range of activities of NGOs. One can most certainly deduce, so is their demand also for accountants to man their accounting systems. Van Daniker and Miller (1992) suggested that instructors seek internship programmes in the public sector to become more familiar with the practical aspects of governmental accounting and auditing. The researchers could not agree more with this suggestion yet we further recommend the use of GNP speakers in academic settings. Novin and others (1997) reiterated that more interaction with government accountants in the early stages of academic preparation may inspire students to pursue careers in governmental and non-profit organisations.

In summary and conclusion, prior research has recognized the increasing demand for GNP accounting education as well as the efforts being made by colleges and universities to incorporate and to broaden the coverage of governmental accounting topics. However, despite some modest gains in the number of course offerings, many schools continue to demonstrate a lack of commitment to this area of instruction either by their non-inclusion of GNP accounting in the curriculum or by not requiring student exposure to the material. That-notwithstanding, although the course content has not changed significantly, methods of instruction appear to be more interactive. Many studies (including this one) have identified factors that impede the integration or expanded coverage of governmental accounting topics in colleges and universities and the list of factors has almost remained constant: financial constraint and the lack of qualified and/ interested faculty in GNP accounting courses. It is hoped that, awareness being created (through a medium like this publication) about current developments in the GNP sector with its attendant accounting concerns and the state of governmental and non-profit accounting in Ghana will stimulate the interest of educators and other stakeholders to give it the needed attention and commit to bringing GNP accounting to the limelight.

Future studies may be needed to assess how public sector reforms have fared in terms of their implementation and execution by responsible officials tasked to ensure their smooth running. It is envisaged that a study of such nature will shed light on the need to prioritize GNP accounting in our schools as supported by Ridder and others (2005). In addition, as Stamatiadis (2009) reported in his study elsewhere, a local study on the performance of accounting graduates working in Ghanaian GNP sector organizations would reveal whether current GNP accounting in our schools have been living up to its bidding or not.
References:


## Appendix I

**KEY:**

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<tr>
<th>Abbreviation</th>
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<td>UG</td>
<td>University of Ghana</td>
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<td>UCC</td>
<td>University of Cape Coast</td>
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<td>KNUST</td>
<td>Kwame Nkrumah University of Science and Technology</td>
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<td>UEW</td>
<td>University of Education, Winneba</td>
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<td>UDS</td>
<td>University of Development Studies</td>
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<td>GIMPA</td>
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1. Introduction and Background

The experiences of earlier reformer countries (e.g., New Zealand, UK and Australia) have proven that the use of traditional government accounting system which is cash-based system is the main reason behind the absence of an informative accounting system that provides the required information that assists in making public servants more accountable for good governance of public assets (Ouda, 2005). The last three decades have witnessed radical reforms in the public sector which are initiated by using the New Public Management (NPM). The NPM and New Public Financial Management (NPFM) were the umbrella for many public sector reforms such transition to accrual accounting, budgeting reform, enhancing public accountability and better governance, etc. In addition, the changes in public asset management and governance policies are considered the greatest challenges in the history of the NPM and NPFM implementation to date (Grubisic et al, 2008). In order to supply the citizens with good quality of service in exchange for financial resources received, governments need to create an environment for improved, professional and responsible public asset management. This refers mostly to introducing governance and business-style reporting practices in governments whose quality of work becomes open to the citizens (Grubisic et al, 2008). In other words, the governments should be held accountable to act in the best interest of the citizens with respect to the preservation, employment and value enhancement of the public assets. Therefore, the existence of a responsible and accountable government, oriented towards achieving welfare for all its citizens, is a precondition for an efficient public assets management. As Kaganova and Nayyar-Stone (2000) further state: “The vision of public real estate as a productive asset had serious implications for public sector accounting. In particular, acknowledgement of the importance of public capital assets for the overall financial health of governments, coupled with the idea of making public authorities accountable, resulted in a growing tendency to introduce accrual accounting for (central) and local governments”. For the purpose of efficient public asset management, there should be an accounting and reporting system that facilitates the accounting and accountability of public capital assets which can lead at the end to better governance of those assets. Accountability is one aspect of a sound governance system. It is the obligation to answer for an assigned responsibility. But the responsibility and accountability of better public assets management depends on the existence of a sound accounting and reporting system that provides relevant information for fulfilling the responsibility and accountability purposes. Therefore, the sound accounting and reporting system is considered to be one aspect of the responsibility and the latter is one aspect of accountability and the accountability is one aspect of good governance.
In fact, the transition to accrual accounting in government has entailed from governmental entities to report on all their assets in the financial statements. However, the prior literature in the last 30 years has shown that reporting of the governmental capital assets have become a highly problematic issue for the public sector entities holding those assets, as there is no consensus about which capital assets should be included in the balance sheet and which ones should be excluded from the balance sheet (Wild, 2013; Pallot, 1990; Carnegie and Wolmizer, 1995; Barton, 1999 & 2005; Hooper and Kearins, 2003; West and Carenie 2010: Christiaens et al, 2012 and Ouda, 2014, ). While some studies have focused on the recognition of some specific assets such as heritage assets and defense assets (Barton, 1999 & 2005; Hooper and Kearins, 2003; and Ouda, 2013), some other has taken a holistic approach for treatment of capital assets (Christiaens et al, 2012). However, the holistic approach did not resolve the problem from practitioner's perspective and it is not consistent with the assets recognition criteria determined by IPSAS 16 &17. In addition, the holistic approach did not consider the impact of reporting governmental capital assets in economic values on the Net Worth and Statement of Financial Performance. Therefore, this paper expands the holistic approach by taking a more practical perspective to resolving the recognition of governmental capital assets. Accordingly, this paper examines the way governmental capital assets should be accounted for and managed to preserve the national wealth. And hence, it focuses on the worldwide trend towards the development of a Practical Holistic Accounting Approach for governmental capital assets based on the concept of good governance and accountability. Accordingly, the research question is as follows:

**How far should the accounting recognition of governmental capital assets go under the full accrual accounting?**

The paper's contributions to the literature is twofold: First, the paper has attempted to provide a practical solution for the remained unresolved issue in the last 30 years where there is a lack of a practical holistic approach in which the recognition of the governmental capital assets is examined. Consequently, the paper is the first to develop a Practical Holistic Accounting Approach for governmental capital assets. The development of this approach has resulted in developing two new recognition criteria and five recognition attributes that have been used to developed the three sub-approaches for the accounting treatment of the governmental capital assets. Second, it contributes to a deeper understanding of the specific characteristics of governmental capital assets compared to the private sector, and provides in-sight into the development of practice-relevant recognition criteria and attributes that take into consideration the specific nature of the governmental capital assets.

This paper is organized as follows: Second section presents the background of the transition from cash accounting to accrual accounting. Third section discusses the current literature debate in respect to the recognition of governmental capital assets in general purpose financial reporting. Fourth section aims at proposing new recognition criteria and attributes, and developing a Practical Holistic Accounting Approach for the governmental capital assets. The paper is concluded in Section 5.
2. Transition from cash accounting to accrual accounting

Generally, the government accounting system used in most of the countries is a cash-based accounting system. The resulting final accounts of this system are nothing more than summarized cash books. Then, there are no balance sheets because there are no assets or liabilities in the books (Jones and Pendlebury, 1984). However, the governmental entities have traditionally accounted for fixed assets in a way that reflects the financing required to meet their costs rather than their pattern of use (Rutherford et al, 1992). Accordingly, there are no assets adjustments because the accounts are not concerned with recording usage, only with the fact that cash has been paid for acquisition of those assets. Therefore, no information can be provided about the investment in the total assets and no subsequent accounts are taken of whether the assets are still in use, whether they have reached the end of their useful life or have been sold. This is because the traditional government accounting (cash-based accounting) makes no difference between expenditures and disbursements and generally no distinction between current and capital expenditures. Capital purchases are treated in the same manner as personnel expenditure without recognition that they are productive for years (Ouda, 2005). On the contrary, in the private sector where accrual accounting is in use, all fixed assets acquired are included in the balance sheet and written down progressively over their useful lives by means of charges in the operating statement for depreciation which reflects the costs of using up the assets (Rutherford, 1992). Thus, the transition to accrual accounting in the public sector requires from the governmental entities to identify and value their assets in order to be able to prepare the balance sheets. In reality, the identification and recognition of the physical assets in the public sector is not an easy task since these assets have been existing for decades and have been acquired by different ways. This, in turn, makes the identification and valuation process of those assets more difficult (Ouda, 2005 and 2014). Thus, the main difficulty is that in order to record the physical assets the governmental entity not only has to know what assets it owns but it must also put a value on them, even if the value is their historic cost. Therefore, if no assets register exists which records the values, then the task of taking an inventory of fixed assets and valuing them might be a huge and expensive one (Jones and Pendlebury, 1984). In fact, most governments hold many lists describing physical aspects of their capital assets. In absence of regular financial reporting of capital assets, those listings are seldom complete or up-to-date. To re-establish physical records of long-lived government assets where these have been neglected, is a daunting and expensive task which is a major obstacle to any proposal to extend asset recognition (IFAC, 1995). So, the lack of accurate, relevant and detailed information about the governmental capital assets can be considered as an obstacle in adopting sound public sector governance. Furthermore, it can be inferred that the use of traditional government accounting system did not yield all the information needed for asset management purposes. However, accrual accounting, coupled with improved financial management information systems, can provide the comprehensive and timely information that is necessary. These approaches require the maintenance of complete and accurate asset registers, and regular revaluations and appraisals of asset holdings. Unlike private sector, governments own different capital assets which can be classified as follows: (IFAC 2000 Study 11, Christiaens et al, 2012)
- **Business-like governmental assets:**
  - *Capital assets - Property, plant and equipment.*

- **Non-Business-like governmental assets:** *(Specific governmental assets)*
  - **Capital assets – Infrastructure assets:** examples of the infrastructure assets are:
    - sewer systems; - road networks including bridges, kerbs, channels and footpaths;
    - water supply systems; - drainage systems; - communication networks;
    - flood control works; - power supply systems; and - recreation reserves.
  - **Capital assets – Heritage assets:** examples of these assets are:
    - monuments; - art and museum collections; - wilderness; - battlefields; and
    - buildings designated for preservation.
  - **Capital assets – Defense assets:** Examples of these assets are:
    - military hardware; and - defense equipment such as tanks, planes and military airport.
  - **Capital assets – Community assets:** examples of these assets are:
    - parks; and - historic buildings.
  - **Capital assets – Natural resources:** Example of natural resources are:
    - forests; - farmland; - fish stocks; - water for electricity generation;
    - petroleum; and - mineral deposit.

While the adoption of accrual accounting in the public sector has entailed that governmental capital assets should be recognized in the balance sheet, the public sector accounting literature did not present a practical accounting solution for the recognition of governmental capital assets in the balance sheet. Accordingly, the recognition of the governmental capital assets has become a highly problematic issue for the public sector entities holding those assets and remains unresolved issue.

### 3. Accounting for governmental capital assets: A literature review

This section sheds light on the important differences surrounding the debate of recognition of the governmental capital assets. Reviewing the public sector accounting literature has shown that there are massive heterogeneous point of views with respect to the recognition of governmental capital assets among the protagonists and antagonists whether they are researchers or standard setting bodies. In fact, there are some supporters for the recognition of all governmental capital assets (including infrastructure and heritage assets and land under the road) in the balance sheet and they assume that they do not differ largely from the other assets (Rowles, 1991; Micallef and Peirson, 1997), in addition, they are in view that representation faithfulness is not possible without assigning monetary value. They believe for instance that heritage assets are commercially quantifiable even though they may not be for sale. The argument that collections cannot be measured in financial terms because they do not have financial attributes has merit but could equally apply to most types of assets; the question could be asked as to whether land necessarily has financial attributes (Hooper et al., 2005). Rowles (1991) extends the criteria of recognition and measurement to argue that all assets have the same characteristics. In turn, he deals with several arguments:

- Sunk costs may apply to plant as well as heritage assets;
Both plant and heritage assets may have no market value but such costs are recoverable through social purpose and such purpose is hardly distinguishable from commercial purpose in that both focus on economic benefit or service potential;
- Heritage assets are often not indivisible;
- Lack of a market value or economic life are problems which many assets other than heritage assets share; and
- The heritage assets have infinite life is untrue and applies only to land.

Moreover, Rowles (1992) argues that government departments and agencies controlling environmental, cultural and historical assets will need to value and include them, as well as their capital assets, in their financial statements. In addition, other assets which do not fit readily into a definition of capital, such as monuments, work of art, historical relics and collections of artistic and cultural works are included (Rowles, 1992 and Stanton and Stanton, 1997). So the inclusion of governmental capital assets such as heritage assets rests on the conclusion that, for accounting purposes, they cannot be readily distinguished from other physical assets (Rowles, 1992), and they meet the asset definition test contained in Statement of Accounting Concepts 4 (SAC 4) (Rowles, 1992). Furthermore, Rowles, Hutton and Bellamy, 1998 are in view that recognition of capital assets such as infrastructure and heritage assets and land under the roads is necessary because they provide useful information for economic decision making. They further argue that accrual accounting information is needed to judge whether or not the government operate in an efficient way. Accordingly, recognition in general purpose financial reporting is the first step in discharging of accountability and improving the public assets management and hence, leading to good governance of governmental assets.

From good governance and assets management point of view, Walker, Clark and Dean (2000, 2004) emphasize the importance of recognition of infrastructure assets as capital assets in general purpose financial reporting. They based their views on the fact that infrastructure assets requires important decisions in terms of maintenance, repair and assets management, therefore they adopt a user perspective and suggest to combine supplementary financial with non-financial disclosure (e.g. concerning the physical state of infrastructure and it will cost to maintain, repair or upgrade them) (Christiaens et al, 2008). Moreover, Anthony (1994) has suggested a new approach where capital assets financed by loans or debts had to be reported as assets and the related debt had to be reported as a liability. This approach is consistent with the so-called system of "debt charge accounting" that had been used by British Local Government for many years but was abandoned around the mid-1990s.

In addition to the protagonists of capitalizing the governmental capital assets, there are several antagonists for the capitalization of governmental capital assets (Mautz, 1988, Pallot 1990 &1992, Carnegie and Wolnizer, 1995, 1996 & 1999, Barton, 1999, 2000, 2002 and Carnegie and West, 2004). The public sector accounting literature has shown that there is no consensus between the protagonists and antagonists about a unified accounting approach for government capital assets. This can take us to see what the situation of international standard-setters is.
International standard-setters such as IFAC has issued IPSAS 17 which focuses mainly on the accounting treatment for property, plant and equipment so that the users of financial statements can discern information about an entity’s investment in it property, plant and equipment and the changes in such investment (Christians, 2004). However, IPSAS 17 does not require an entity to recognize the specific governmental capital assets. In other words, it did not discuss for example whether heritage assets should be capitalized or not. In paragraph 9 of IPSAS 17, it is stated that some assets are described as “heritage assets” because of their cultural, environmental or historical significance. It describes the disclosure requirements in paragraphs 84 to 94 where it requires the governmental entities to make disclosures about recognized assets. Accordingly, the entities that recognize heritage assets are required to disclose in respect of those assets such matters as, for example: the measurement basis used; the depreciation method used, if any; the gross carrying amount; the accumulated depreciation at the end of the period, if any; and a reconciliation of the carrying amount at the beginning and end of the period showing certain components thereof (Ouda, 2014).

The Australian Accounting Standards AAS27, AAS29, AAS 31 and SAC4 (AARF, 1990, 1992, 1993, and 1996) were prepared by Australian Accounting Research Foundation (AARF) and advocates the inclusion of governmental capital assets (e.g. heritage assets) in Australian government financial statements (Rowels, 1992 and Micallef et al., 1994). Similarly, in New Zealand, the standard-setters had issued FRS-3 in May 2001 and revised it in November 2001 and February 2002, requiring all reporting entities, including central and local government agencies, to account for governmental capital assets as they would any other item of property, plant and equipment and depreciate such assets based on estimates of useful life. These assets are to be valued on the same basis as other physical non-current assets of an entity. FRS-3 requires subsequent revaluations of these assets, provided that fair value is used (Hooper, et al., 2004). The standard-setters in Sweden are in view that acquisition of governmental capital assets is capitalized like other assets and retrospective capitalization is permissible, but is rarely used.

In USA the Federation Accounting Standards Advisory Board (FASAB) has divided governmental capital assets into two sub-groups. First sub-group includes general property, plant and equipment (PP&E). According to FASAB, this sub-group is considered as assets and they are recognized in the balance sheet and are depreciated in the income statement. The motivation for the recognition here is that these assets are used to provide general government services and goods, or are used in business-type activities and hence they are not considered as unique assets. Second sub-group includes Stewardship assets which includes a-National defense PP&E these assets are not recognized as capital assets. FASAB requires that expenditures on the acquisition, construction, reconstruction or improvement of these assets to be expensed in the period incurred. b- Heritage assets: these assets are not recognized as capital assets and no depreciations. C- Stewardship assets: these assets are not recognized as capital assets and no depreciations (FASABs, SFFAS 29 (2005, par.19).

So it can be inferred that the international standard-setters are in line with the protagonists and antagonists that there is no consensus about a unified accounting approach for governmental capital assets. Accordingly, this paper agrees with Christiaens et al (2012) that up till now there is a lack of a general approach where the recognition of all kinds of governmental capital goods is examined.
4. Towards a Practical Holistic Accounting Approach for Governmental Capital Assets

While many studies have mostly focused on the accounting treatment of specific types of government capital assets, such heritage assets, military assets and infrastructure assets (Mautz, 1988, Pallot 1990 & 1992, Rowles, 1992, Carnegie and Wolnizer, 1995, 1996 & 1999, Barton, 1999, 2000, 2002 and Carnegie and West, 2004, Walker, Clark and Dean, 2000, 2004, Ouda, 2013 & 2014), this paper similar to Christiaens et al (2012) will take a holistic approach to the treatment of governmental capital assets. However, what discerns this paper from the Christiaens et al (2012) is that the application of holistic approach has focused only on the type of status given to the assets without to recognize that the status type alone is not enough to decide whether a capital assets can be recognized in the financial statements or not and it did not resolve the problem from practitioner's perspective because the practitioners will find that the holistic approach is not consistent with the assets recognition criteria determined by IPSAS 16 & 17. In addition, the holistic approach did not consider the impact of reporting governmental capital assets in economic values on the Net Worth and Statement of Financial Performance. Therefore, the question raised in this paper was: How far should the recognition of governmental capital assets go under the full accrual basis?

While the public sector accounting literature in the last three decades has shown an agreement about the accounting treatment of business-like governmental capital assets where they are treated by the same way of private sector capital assets (they should be capitalized in the balance sheet and are depreciated in the income statement), it has shown that there is a lack of unanimity of accounting treatment of the specific governmental capital assets such as heritage and defense assets (Wild, 2013; Pallot, 1990; Carnegie and Wolnizer, 1995; Barton, 1999 & 2005; Hooper and Kearins, 2003; West and Carenie 2010). In fact, the accounting treatment of the heritage assets and defense assets has become a highly problematic issue for the public sector entities holding those assets. Heritage assets are defined as assets with historic, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture and this purpose is central to the objectives of the entity holding them (IFAC –IPSASB, 2006). Heritage assets are considered to be unique assets and they have specific characteristics that discern them from other public assets. IFAC-IPSASB (2006) has determined the following important characteristics of heritage assets for the accounting purposes: a- their value in cultural, environmental, educational and historical terms is unlikely to be fully reflected in a financial value based purely on a market price; b- legal and /or statutory obligations may impose prohibition or severe restrictions on disposal by sale; c - they are often irreplaceable and their value may increase over time even their physical condition deteriorates; and d- it may be difficult to estimate their useful lives, which in some cases could be several hundred years. Whilst there exists an extensive prior literature focused on how heritage assets might be accounted for and whether the heritage assets are sufficiently different to merit different treatment, there is little that addresses the reporting of heritage assets from an alternative, financial and non-financial perspective.
(Ouda, 2014). The current accounting approaches for heritage assets, which focus on the provisioning of financial information, are inadequate for ensuring the provision of information useful to the types of decision-making relevant to the needs of stakeholders. Hence, additional forms of information should be provided (Wild, 2013; Pallot, 1990; Carnegie and Wolnizer, 1995; Barton, 1999 & 2005; Hooper and Kearins, 2003; West and Carenie 2010). Furthermore, if heritage assets have no financial value to the governmental entity, then it is misleading to match them against their liabilities. They are not resources, which can be used to generate cash for discharge of liabilities, and their inclusion in a balance sheet is misleading to management and to creditors (Carnegie and Wolnizer, 1995). Moreover, immediate expensing of the heritage assets will lead to the distortion of the statement of financial performance (Stanford, 2005). Some authors have proposed some approaches for accounting for the public assets. Christiaens et al (2012) have proposed a holistic approach which addresses the recognition of public sector capital assets from a general perspective and argues that the recognition of capital good as asset in the financial statements is not merely related to the physical type of assets involved but to the status they are given by the government or the legislator. The holistic approach suggests that if the capital good is given the status of businesslike assets and used for provision of economic benefits, then the assets should be included on the balance sheet. On the other hand, if the assets are given a social status leading to social benefits rather than economic benefits, then they should not be included on the balance sheet. So the following figure shows the Holistic Approach:

![Figure 1: Source: Christiaens et al (2012): Recognition of capital assets from a general perspective.](image)

Generally, I can agree with the holistic approach with respect to the status given to the assets whether economic or social/cultural. However, there are also certain...
military/defense assets (such as components of weapons systems and support military missions and vessels held in preservations) that are treated as current expenditure which means that they are excluded from the balance sheet because of national security reasons or because there was no output against which the costs of these items could be matched, this is according to the FASAB in Statement of Federal Financial Accounting Concepts (SFFAS -8, 11). Also Ström (1997) support the exclusion of defense assets from the balance sheet as he concludes that future economic benefits do not occur when defense assets exist. The service potential can also be questioned because defense assets provide more of an “insurance premium” than ongoing service, thus excluding defense assets. Consequently, the holistic approach can be modified to not only include the economic or social/cultural status but also national security/defense status. The national security/defense status requires that defense assets should be excluded from the balance sheet and disclosed in specific reports where the following information can be disclosed: the number of units of defense assets in each category of assets (this could be number of aircraft, etc); the number of units added or withdrawn during the fiscal period; the description of the methods of acquisition and withdrawal; the condition of the defense assets; information on deferred maintenance on defense assets (SFFAS#8, 50,68,80, SFFAS#11, 10)

**Figure 2: Modified holistic approach: Recognition of capital assets from a general perspective.**

In fact, this paper aims at facilitating the accounting treatment of governmental capital assets from an academic’s and the practitioner's perspectives. Basically, the holistic approach is also aiming to the same objective, as Christiaens et al (2012) argue that a
practical consequence of applying the holistic approach is that it offers the possibility to reach clarity and general acceptance on how to deal with all kinds of capital goods in governments when applied in practice"

However, the application of holistic or modified holistic does not resolve the problem from practitioner's perspective because the practitioners will find that the two approaches are not consistent with the assets recognition criteria determined by IPSAS 16 &17. An asset should be recognized in the statement of financial position when and only when:

\[ \text{a- It is probable that future economic benefits or service potential associated with the asset will flow to the entity;} \]
\[ \text{b- The cost or fair value of the asset to the entity can be measured reliably.} \]

According to these assets recognition criteria, capital assets should be recognized in the balance sheet where information on cost or value of the capital assets is available and there are economic benefits or service potential; and not-recognized where the information on cost or value is not available. So the question is: if a capital assets given a social/cultural status and on the other hand, the information on cost or value of this asset is available, then should this asset be recognized?

In fact, the answer of this question will take two perspectives: from the holistic approach perspective so long as the asset is given a social status, it should not be recognized in the balance sheet but it should be recognized in social reports. From the IPSAS recognition criteria perspective so long as the information on cost or value of the asset is available, it should be recognized in the balance sheet. This contradictory makes the situation for the practitioners more complicated and on the other hand, makes the governmental accounting not practice relevant.

Furthermore, another question remains if a capital asset (e.g., heritage assets) is given a social/cultural status and the information about its cost or value is available and this asset appears on the balance sheet, \textit{do the financial statements contain misleading information because there is an expectation of the ability to sell/dispose such asset, which is unlikely for heritage assets, or does recognition of the dollar amount of heritage assets add value to the reporting process?}

In fact, if the assets are given a social/cultural status (such as: heritage assets) and the information on cost or value is available and there are cultural/social or legal restrictions on the disposal of such assets, then the capitalization of heritage assets will be misleading to management, and to creditors because they are not legally accessible by them. This can be supported by what is stated by SAC-4 that where assets and liabilities have been set off against each other, or where revenues and expenses have been netted off, in the presentation of those items in financial statements, those elements would nonetheless have been recognized. This means that the recognition of assets in the financial statements should only include the assets that will be matched against liabilities. Accordingly, inclusion of the governmental capital assets in the balance sheet that will not be matched against liabilities either because there are legal, social/cultural or defense/security restrictions on their disposal is in reality misleading. Therefore, I can
conclude that whatever the status given to the governmental capital assets, the main criteria here is whether or not the assets are matched against liabilities. This can lead to developing new recognition criteria and new approach, which I might call: *Practical Holistic Accounting Approach for governmental capital assets*. This approach will be based on the Practical Accounting Approach for Heritage Assets developed by Ouda (2013) and Holistic Approach developed by Christiaens et al (2012). The development of the practical holistic accounting approach will require adding two new recognition criteria to the original two recognition criteria stated by IPSAS 16 & 17. Accordingly, the Practical Holistic Approach, in addition to the two recognition criteria stated by IPSAS 16 & 17, will include two more recognition criteria which can be used for deciding on whether or not an asset can be recognized. These are as follows:

- **c-** There are no legal, cultural/social and national security/defense restrictions on the disposal of the asset.
- **d-** Recognized assets should be matched against liabilities to avoid the misleading.

The core of these two criteria is that recognize the governmental capital goods as assets in the balance sheet where the information is available on the cost or value of assets and these assets can be disposed and hence be matched against liabilities.

In addition to the aforementioned four criteria, the development of the *Practical Holistic Accounting Approach* includes the following five recognition attributes:

1. Status assigned to the assets;
2. Type of benefits (whether economic, social/cultural or security/defense benefits);
3. Matching (whether or not the assets can be matched against the liabilities);
4. Unrestricted assets – where there are no legal/social/cultural or defense and security restrictions and accordingly they can be disposed/sold; and
5. Restricted assets – where there are legal/social/cultural or defense and security restrictions and accordingly, they cannot be disposed/sold.

**Figure 3: Cornerstones of the Practical Holistic Accounting Approach**

Based on the four recognition criteria and the five recognition attributes, the following **three sub-approaches** form the corner stones of the Practical Holistic Approach:

- **Economic Business-like Assets:** under this approach any capital asset is given the economic business-like status and gives rise to economic benefits, it should be
capitalized in the balance sheet (Christiaens et al, 2012). Similar to the business-like assets, their expenses should be included in the statement of financial performance.

- **Assets-liabilities matching approach - Unrestricted Assets:** Under this approach any asset is given social/cultural or defense status and gives rise to social/cultural or defense/security benefits and they are unrestricted assets and can be matched against liabilities, it should be capitalized in the balance sheet. Consequently, the heritage assets that are considered as legally, culturally, and socially unrestricted assets and the information on their cost or value is available and they can be matched against liabilities, they should be capitalized in the balance sheet at current value. An obvious example of heritage assets that can follow this approach in Egypt is the Heritage Presidential Palaces. Due to the financial problems after January 25th Revolution, many of the Egyptians economists argue that these problems can be solved through the disposal of many of the presidential palaces in Egypt, which are not in use. In fact, this option has already been applied in Tunisia in 2012 as a solution for their financial problems after the revolution (Ouda, 2014). In the time of austerity, the heritage assets can be sold to overcome financial problems. This was the case in UK, as the local press reported (November 7, 2012) ‘Tower Hamlets Council made the difficult decision to sell the Henry Moore sculpture, Draped Seated Woman (Ellwood and Greenwood, 2014).

Similar to the heritage assets, under the assets-liability matching approach the defense assets that are legally/national security unrestricted assets and the information on their cost or value is available and they can be matched against liabilities, therefore, they should be capitalized at their current value. With respect to the revenues and expenses of heritage assets should be included in the statement of financial performance and we should differentiate between the indefinite and definite assets as we should calculate impairment for indefinite assets and depreciation for definite assets. Regarding the defense assets their expenses are included in the statement of financial performance.

- **Non-assets-liabilities matching approach – Restricted Assets:** Herein Not-Capitalize if the information on cost or value is not available or available but heritage assets and defense assets cannot be disposed, and hence they cannot be matched against liabilities (Ouda, 2014). According to this approach, heritage assets are considered as legally, culturally and socially restricted assets and defense assets are also considered as legally and national security restricted assets. Therefore, they should not be capitalized in the balance sheet. But both assets are treated differently as follows: Heritage assets are treated as Agent Assets, Trust Assets, or Custodial Assets. Accordingly, each country should create an Agent/Trust Assets Statement where heritage assets stated in this statement in physical units not in financial values (Ouda, 2014). The statement of trust assets should include a description of major categories (types), physical units added and withdrawn during the year, a description of the methods of acquisition and
withdrawal. In addition, an explanatory note (note disclosure) should supplement the statement of trust assets.

Furthermore, heritage assets held in trust may generate revenues indirectly through admission charges and incur costs such as restoration and maintenance costs. So in order to account for the revenues and costs related to heritage assets, each county should create a Trust Fund (Agent Fund) (Ouda, 2014 & 2015). This fund will include all the revenues and costs related to heritage assets in a country. The balance of the trust fund would be reported as either a liability or an asset in the balance sheet. If this balance is positive (fund surplus), then it will be considered as an asset and the increasing of the net worth will be called Heritage Net Worth. Moreover, if it is negative (fund deficit), then it will be considered as a liability and the decrease in the net worth will be called as Negative Heritage Net Worth (Ouda, 2014 & 2015).

With respect to Defense Assets, each country can create defense assets statement or specific reports and disclose these assets in these statements or reports where the defense assets can either be stated in physical units (number of systems or items) or in financial value. The Disclosure can include the following information: the number of units of defense assets in each category of assets (this could be number of aircraft, etc); the number of units added or withdrawn during the fiscal period; the description of the methods of acquisition and withdrawal; the condition of the defense assets; information on deferred maintenance on defense assets (SFFAS#8, 50, 68, 80, SFFAS#11, 10). In addition their cost will be included in the statement of financial performance.
A Practical Holistic Accounting Approach for Governmental Capital Assets

Status Assigned by Law/Government

Economic "Businesslike"
- Recognized as capital assets in the balance sheet
  - Expenses and revenues included in statement of financial performance
    - Indefinite life assets: Heritage assets
      - Impairment
    - Definite life assets: Heritage or defense assets
      - Depreciation

Social, Cultural and Defense/Security
- Unrestricted Assets: Assets-Liability-Matching Approach
  - Recognized as capital assets in the balance sheet
  - Expenses and revenues (if any) included in statement of financial performance
    - Heritage Assets
      - Create: Trust Fund: where fund balance would be reported as either a liability or an asset in the balance sheet
      - Revenues and costs

Social, Cultural and Defense/Security
- Restricted Assets
  - Not capitalized and recognized in social and defense reports
    - Defense Assets
      - Create: Defense Assets Statement/reports: where the defense assets can be stated either in physical units or financial value
      - Revenues and costs are included in statement of financial performance
5. Conclusion

Good governance and accountability of the governmental capital assets became a must and important issue in the last three decades after the acknowledgement of the importance of governmental capital assets for the overall financial health of governments. The good governance that coupled with the idea of making public authorities accountable to act in the best interest of the citizens with respect to the preservation, employment and value enhancement of governmental capital assets has resulted in a growing tendency to introduce accrual accounting for central and local governments. The adoption of accrual accounting in the public sector has entailed that all governmental entities should report on all their assets in the financial statements. Although the public sector accounting literature has debated the recognition of governmental capital assets for more than three decades, there is no consensus about which governmental capital assets should reported in the financial statement and which one should not be reported in the financial statements?

Therefore, this paper has attempted to propose a new accounting approach which is: Practical Holistic Accounting Approach for governmental capital assets. In addition to the two criteria stated by IPSAS 16 & 17, this approach has attempted to developing two new recognition criteria. The two new recognition criteria are:

- **There are no legal, cultural/social and national security/defense restrictions on the disposal of the asset.**
- **Recognized assets should be matched against liabilities to avoid the misleading.**

Furthermore, the new approach has been based on five recognition attributes: Status assigned to the assets; Type of benefits (whether economic, social/cultural or defense benefits); Matching (whether or not the assets can be matched with the liabilities); Unrestricted assets – where there are no legal/social/cultural or defense and security restrictions and accordingly they can be disposed/sold; and Restricted assets – where there are legal/social/cultural or defense and security restrictions and accordingly, they cannot be disposed/sold. Based on the new recognition criteria and the five recognition attributes, three sub-approaches are developed as follows: - Economic business-like assets; - Assets-liabilities-matching approach for the unrestricted assets; and - Non-assets-liabilities-matching approach for the restricted assets. Under the practical holistic accounting approach, practitioners recognize the governmental capital goods as assets in the balance sheet where the information is available on the cost or value of assets and these assets can be disposed and hence be matched against liabilities which in turn leads to avoiding the provision of misleading information to management and creditors. Accordingly, this paper has attempted to assist the academic and practitioners in how to account for different capital assets in governmental entities in a practical way. Therefore, the main message here is that more work needs to be done if the public sector accounting researchers are to claim to have an impact on practice, therefore, they should work together with the practitioners to find practical solutions for outstanding public sector accounting issues and stop to spend their entire career just talking to other accounting researchers about their work through conferences and journals (Laughlin, 2011). Otherwise, the practitioners will see accounting research as a pointless exercise unless the research is deemed to be practice relevant.


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Government Financial Reporting - Good Practices from sub-Saharan Africa

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Abstract

This study attempts to codify good practices in financial reporting by sub-Saharan African governments. The study identifies, analyses and documents existing good practices from annual financial reports by central governments in sub-Saharan Africa. As such it provides a guide to governments wishing to improve the quality of their annual financial statements based on the approaches adopted by their peers.

The financial statements of a dozen governments of sub-Saharan Africa were reviewed to identify examples of good practice which were then analysed against the four broad indicative criteria which were developed for the study. Visits were made to Burkina Faso, Namibia and Tanzania to obtain further information and to discuss the needs of the key uses of government financial information.

Keywords: Accountability; Financial statements; Government, Good practices; Public sector; sub-Saharan Africa

Highlights

- Reviews sub-Saharan African government annual financial statements
- Identifies, describes and codifies existing good practices
- Four broad indicative criteria are used: timeliness, understandability, openness and consistency
- Good practices could provide a basis for international accounting standards
- Existing good practices also highlight practical reform initiatives

JEL Classification

H500 National Government Expenditures and Related Policies: General
M410 Accounting

1 INTRODUCTION

Accountability, in a general sense, is a responsibility of stewards or agents to provide relevant and reliable information relating to resources under their control. For governments, accountability is the government’s responsibility to justify to its citizenry the raising of public revenues and to account for the use of those public resources. Accountability information can be used to support decision making, but it also fulfils the citizenry’s “right to know” how public resources have been spent (GASB 2006, page 5).

Fiscal transparency is propagated as part of a larger policy goal of good economic governance pursued to achieve poverty reduction and attain the Millennium Development Goals (MDGs). Indeed, on the African continent, the calls for more openness in the budget processes is part of a set of endeavours aimed at solving the paradox of copious natural resources and increasing donor magnanimity, on the one hand, and seemingly intractable abject poverty, on the other
hand. It is also aimed at addressing corruption and theft of State resources and money laundering, among many (United Nations Economic Commission for Africa, 2005, page ix).

It is widely accepted that, along with the auditor’s report, a government’s annual financial statements provide the essential financial data necessary for accountability purposes (Barton 2005, Chan, 2006 and Claassens, Marritt & van Zyl, Albert, 2005). In a parliamentary democracy, parliament sets the annual budget to authorise the government to raise taxes and to spend money as indicated. The annual financial statements are a key way in which the government later accounts to parliament and its citizens for the taxes raised and the money spent on the provision of public services (Monsen 2009). The financial statements can also include important information on the cost of implementing the government’s policies, for example achievement of the Millennium Development Goals or poverty reduction (Chan, James L. and Xu, Yunxiao (2012)). The financial statements show how public resources were actually allocated, for example how much was provided for health expenditure and how much was invested in public infrastructure. They also provide a vital mechanism for monitoring adherence to agreed fiscal goals, for example the level of budget deficit and the overall level of government debt (Chan, James L. and Xu, Yunxiao (2012)). Whilst many of these benefits may derive from different accounting systems there are some common factors of good practice than should be in all such systems.

For governments which are dependent on donors for a significant proportion of their revenue, their annual financial statements are also a key document to enable the donor community to monitor adherence to agreed policies (CABRI, AFROSAI & ATAF (2010)). These may include, for example, poverty reduction strategies, the proportion of government expenditure to be allocated and actually spent on defined pro-poor expenditure (for example, primary health and education spending) and adherence to macro-fiscal targets. Since 2012 the European Commission has set benchmarks on public financial management, as part of its Budget Support disbursement criteria, to ensure good or improving standards (EuropeAid 2012).

In recent years there have been a range of studies of public financial management and budgeting by governments of sub-Saharan Africa, including, for example, studies by IDASA (Claassens, Marritt & van Zyl, Albert 2005), country studies by the Open Budget Index (2010) and PEFA (2015) reports on public financial management in many of the countries. However, these studies provide few details on the quality and content of the annual audited financial statements of these governments.

1. In the context of the Global South generally, government accounting practice has frequently been problematised by external stakeholders. Studies drawing on the neo-institutional perspective have demonstrated that resource providers such as the World Bank, IMF and other bilateral donors tend to problematise the existing cash basis of accounting of governments using various mechanisms, for instance, coercive, mimetic and normative mechanisms (Adhikari et al., 2013; Harun et al., 2012: Mir and Rahaman, 2005). As a result, the literature has concentrated on the deficiencies of government financial reporting and existing good practices have not been recognised.

This study aims to begin to address the balance by making an initial contribution to identifying, collating and documenting existing good practices in terms of annual financial reporting by central governments in sub-Saharan Africa.

1.1 Existing international public sector accounting standards

There is no internationally accepted ‘best practice’ for government financial reporting which has actually been widely implemented. All sub-Saharan African governments report on the modified cash basis (see Parry 2010, for a definition), so the nearest appropriate international accounting standard would be the Cash Basis IPSAS (International Public Sector Accounting Standards).
Standards Board, 2003), but although all 31 African countries which have been subject to PEFA have tried to adopt it (Andrews, 2010) none has actually implemented the key mandatory requirements of the Standard (over a dozen years since the standard was first issued in January 2003) (Wynne, 2012).

This situation is replicated globally and so the top down \textit{Cash Basis IPSAS} is not working effectively. Not a single country in the world has actually implemented key requirements of the standard (Wynne, 2012) and some have argued against aspects of it. For example, the Indian Government has argued against the requirement to report payments to third parties and to consolidate government business enterprises (Government Accounting Standards Advisory Board, 2008). The gap analysis undertaken by the Government of India in 2008 commented on the requirement for consolidation and concluded that it would not be appropriate (page 9):

\textit{Though this is fundamental requirement of Cash IPSAS, it is likely to cause more distortion than bringing in clarity in the financial statements of government. In a country like India which is a federation with unitary bias, it is very difficult to even distinguish whether State Governments and local bodies are independent entities or entities controlled by the Union Government. Much of the social sector expenditure flows from Union Government to States and Local bodies. Further, consolidating Government Companies accounts with that of Government will result in artificial inflation of cash inflows and outflows and is not likely result in any improved presentation of financial statements.}

The International Public Sector Accounting Standards Board was planning to fundamentally revise its \textit{Cash Basis IPSAS} due to the low international take up (IPSAS, 2010). Although this process then stalled, the IPSAS Board did not consider this issue from its June 2010 meeting until its March 2015 meeting when it agreed to a limited review of the Cash Basis IPSAS. The development of an exposure draft of a revised Cash Basis IPSAS was to be considered at that the March 2016 meeting of the IPSAS Board (IPSAS, 2015). This was to overcome the “major difficulties that public sector entities in developing economies encounter in implementing the Cash Basis IPSAS” (IPSAS, 2015: 2). The three areas which were proposed to be addressed are consolidation, third party payments and certain disclosures for external assistance.

Many Francophone African countries are members of regional economic bodies which have issued fairly detailed directives on public sector financial reporting and related issues. This has probably increased the consistency and comparability of public sector financial statements between these states. However, this study was not able to make a comparative study of these states although the financial statements of the government of Burkina Faso were reviewed. Further details of Francophone government financial reporting are available, for example, from Bouley and Fournel (2002), Lienert (2003) and Moussa (2004).

1.2 Aims of this paper

All sub-Saharan African governments currently display some aspects of good practice with their financial reporting – for example, the financial statements for Government A may not be very informative, but they may be produced within a few months of the financial year end and/or may be available on the Internet.

The aim of this paper is to document examples of elements or attributes of financial reporting by African governments which represent existing good practice. The paper identifies (and documents) elements or aspects of existing good practice by sub-Saharan African governments in the area of financial reporting and accountability. These attributes are then collated to identify good existing practice in sub-Saharan Africa. If all or most governments in sub-
Saharan Africa adopted all or most aspects of the good practices identified in this paper, there would be a significant improvement in financial reporting by governments across sub-Saharan Africa.

This paper reviews current practices of government financial reporting, primarily focusing on central government entities in sub-Saharan Africa by carrying out an in-depth analysis of government financial reports in selected countries. Based on these financial reports, this study identified those individuals and organisations which actually use government financial statements, the purposes for which they are used and the actual information which the users require. It also reviewed the reports from the relevant Auditors General on the quality of their government’s financial statements. These findings were used to develop criteria against which to assess the usefulness of the form and content of government financial statements as well as to identify any implications for capacity building.

Developments in public financial management will be easier if they are based on a policy of further incremental or organic improvements rather than trying to implement international standards which are not based on existing good practice (Andrews, 2013). This paper provides a starting point for identifying existing good practices in annual financial reporting by the governments of sub-Saharan Africa which other governments can adopt to improve their accountability to their citizens.

Following this introduction, the next section outlines the methodology adopted for the paper and introduces the broad indicative criteria developed and adopted for the study. The following section then provides an introduction to the general format of the annual financial statements produced by governments of sub-Saharan Africa. This is followed by four sections which identify, analyse and document the existing good practices which were identified in this study against the four main indicative criteria. The paper ends with a section covering a summary, conclusions and policy implications.

2 METHODOLOGY
The first phase of the study involved obtaining the audited financial statements from a number of sub-Saharan African countries for review and analysis. Broad Indicative Criteria were then developed, including four key qualitative characteristics. As part of this process, reference was made to the PEFA (2015) reports on individual African countries, the ESAAG report (2006), the 2010 Open Budget Index country reports which are available for these countries and other relevant literature. What may be considered good practice was taken from the literature and the professional judgement of the author and an expert panel established for this purpose.

2. The financial statements of the following governments were reviewed to identify exemplars of good practice: Botswana, Ghana, Kenya, Mauritius, Nigeria, Rwanda, Sierra Leone, South Africa and Uganda. These countries provide a range of examples of existing good practice across sub-Saharan Africa, but as they are all Anglophone countries the financial statements are broadly similar. The author also visited Burkina Faso (Francophone), Namibia and Tanzania to obtain the financial statements of their governments and to discuss their needs with several uses of these annual accounts. The elements of good practice from these statements are noted below against each of the key qualitative characteristics we adopted.

In addition, to the annual consolidated financial statements or accounts of the consolidated fund, consideration was given to the findings and availability of the annual report of the Auditor General. These two reports, from the Accountant General and the Auditor General, are essential for the quality of financial accountability of governments (CABRI, AFROSAI & ATAF, 2011).
2.1 **Expert panel**

An expert panel was established to advise and quality review the work of the study. The members of the expert panel were:

- Reckford Kampanje – former Auditor General of Malawi (and former Accountant General)
- Maru Z Tjihumino – Accountant General of Namibia
- Joseph Onumah – Head of Accounting Department, University of Ghana Business School, Legon
- Michael Parry – Independent Consultant.

2.2 **User needs**

During the fieldwork, where possible, the following stakeholders (amongst others) were interviewed:

- Accountants General and senior financial officials of other central government entities
- Auditor Generals and their senior staff
- Financial correspondents of the media
- Non-State Actors (civil society groups).

The aim was to identify the information which users of government financial statements need for accountability purposes, in addition to examples of good practice in financial reporting by governments. Interviews of a representative sample of internal (public officials) and external stakeholders were undertaken using the above list as a guide. Due to time constraints and availability of the individuals not all the stakeholders could be interviewed in each country.

2.3 **Broad Indicative Criteria**

Having reviewed the literature, international standards and guidance and the financial statements of these twelve governments, the following key qualitative criteria of public sector financial reporting were identified as the framework for this study:

- **timeliness** – are the audited financial statements made public promptly after the end of the financial year to which they refer?
- **understandability** – are the financial statements clear and are the key aspects and terms explained?
- **openness** – is the key financial information of interest to politicians and the public made available?
- **consistency** – is the information consistent from one year to the next, between accounts within the same financial statements and is it reliable and free from material errors?

The justification for selecting these four criteria is summarised in the table below:
Table 1: Justification of Choice of Criteria

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Timeliness</td>
<td>The value of information decreases as the time from the reported events increases. This is because other events intervene and the opportunity to use the reported information for decisions or actions about the future becomes less feasible the longer the information is delayed.</td>
</tr>
<tr>
<td>2. Understandability</td>
<td>It is axiomatic that financial reports have no value unless they are understood by their intended users. Hence understandability is fundamental to financial reporting. Most users of public sector financial statements are not qualified accountants. It is essential that the Public Accounts Committee of Parliament, the fundamentally key user of public sector financial statements, is able to clearly understand the accounts, together with key stakeholders from civil society. Thus simplicity is vital for public sector financial statements.</td>
</tr>
<tr>
<td>3. Openness</td>
<td>Since the object of financial reporting is to convey information, any lack of openness (or transparency) reduces the value of the financial statements. Concealing or omitting important information is contrary to the objective of financial reporting.</td>
</tr>
<tr>
<td>4. Consistency</td>
<td>Consistency enables comparison and tracking over time. A lack of consistency from one year to the next means that the information is confusing and trends or events cannot be tracked over multiple time periods. Where changes do take place in order to improve transparency or better clarity then the impact of those should be shown so that comparisons can be effective</td>
</tr>
</tbody>
</table>

These criteria were agreed with the expert panel and were adapted from the following two documents.

The Cash Basis IPSAS (International Public Sector Accounting Standards Board (2003 and 2007)) used the following four criteria:

- understandability
- relevance
- reliability
- comparability.

The International Public Sector Accounting Standards Board (2014) adopted the following slightly different qualitative characteristics for its conceptual framework for public sector financial reporting:

- relevance
- faithful representation
- understandability
- timeliness
- comparability
- verifiability.
3 GENERAL FORMAT OF FINANCIAL STATEMENTS

The main financial statements provided by most of the Anglophone countries are as follows:

1. Consolidated Cash Flow Statement with comparison to previous years figures (Botswana, Mauritius, Nigeria, Sierra Leone, South Africa, Tanzania and Uganda)
2. Statement of financial assets and liabilities with comparison to previous years figures (Botswana, Mauritius, Nigeria, Rwanda, South Africa and Uganda)
3. Statement of recurrent receipts and payments with comparison with the budget – often statement of the Consolidated Revenue Fund (Botswana, Mauritius, Nigeria, Rwanda (no separate statement for capital), Sierra Leone, South Africa (no separate statement for capital, but disclosed in the single statement) Tanzania and Uganda (no separate statement for capital).
4. Statement of capital receipts and payments with comparison with the budget – often statement of the Capital Development Fund (Botswana, Mauritius, Nigeria, Sierra Leone and Tanzania).

This common approach is a reflection of the public financial management laws which were enacted soon after independence. As an example, section 26 of the Exchequer and Audit Ordinance No. 21 of 1961 of Tanzania required the Treasury to prepare and submit to the Controller and Auditor General accounts showing fully the financial position of the government at the end of the financial year, including:

- Statement of Receipts and Payments for the year
- Summary statements of revenue receipts
- A statement of receipts into and issues from the Exchequer Account during the year and a balance sheet of the Consolidated Fund
- A summary of Appropriation Accounts
- A statement of outstanding public debt
- A consolidated statement of assets and liabilities
- A statement of the amounts guaranteed by the Government at the year end
- A statement of outstanding loans issued by the Government.

For the Francophone countries, the main financial statement is the annual budget out-turn (loi de règlement) which is presented to parliament. The draft annual budget out-turn law notes the final amounts of cash receipts and expenses that have been ordered during the year. If necessary, the law ratifies the new credits that were opened by decree (new budget lines agreed by the Council of Ministers) and approves any over-spending arising from special circumstances. It establishes the financial results for the year which include the:

- deficit or surplus resulting from the net difference between the receipts and expenses for the general and annexed budgets;
- losses or profits arising from special accounts;
- losses or profits resulting from the management of treasury operations.

The budget law authorises the transfer of the net results for the year to the permanent Treasury overdraft account.
Each of the four key qualitative characteristics of financial reporting agreed for this paper are considered below with examples of existing good practice from our exemplar countries.

4.1 **Timeliness**

*Are the audited financial statements made public promptly after the end of the financial year to which they refer?*

The basic requirement is that the audited financial statements should be submitted to the National Assembly and made public within 12 months of the end of the financial year to which they relate (for example, ESAAG 2006). This is now widely achieved by most governments in sub-Saharan Africa.

Ideally the audited accounts should be submitted to the National Assembly before the budget for the following year is considered. This will generally require the financial statements to be published within nine months of the year-end (this is now widely achieved by, for example, Burkina Faso, Mauritius, Tanzania, Uganda and South Africa). To publish the audited financial statements within nine months will usually require the financial statements to be submitted to the Auditor General within six months (which will score an ‘A’ under a PEFA assessment - 2011) and the Auditor General to complete their work within a further three months (PEFA only requires four months to score an ‘A’ - 2011).

In recent years in Ghana, the Report and Financial Statements on the Public Accounts of Ghana (Consolidated Fund) were submitted to the Auditor General three months after the close of the fiscal year.

Uganda requires the Accountant General to submit their financial statements to the Auditor General within four months of the year-end and this has been achieved in recent years. In South Africa the government’s consolidated financial information is submitted to the Auditor General within five months of the year-end and the audited financial statements are then submitted to parliament within six months of the year end.

In Nigeria the constitution requires the Auditor General to report within 90 days of receipt of the accounts from the Accountant General, this was achieved for the first time in 2009. For the last three years, the annual audit reports of the Government of Mauritius have been submitted to the National Assembly within a few weeks of receipt of the financial statement from the Auditor General and within four to six months of the end of the fiscal year. The statutory limit is eight months and the Accountant General is required to submit the financial statements to the Auditor General within six months.

According to the Open Budget Survey country reports (2010) a year-end report that discusses the budget’s actual outcome for the year is published six months or less after the end of the fiscal year (South Africa, Uganda) or 12 months or less (but more than six months) after the end of the fiscal year (Ghana, Namibia).

However, a number of governments are not achieving these targets, for example, the financial statements for the governments of Morocco and Tunisia are not issued until two years after the end of the financial year. Where governments do not submit their audited financial statements to the National Assembly within nine months of the end of the reporting financial year (or at the very least 12 months), then timeliness will be a priority in terms of improvements to the financial statements.

A number of other Francophone countries have periodically suffered from issuing their financial statements late; for example, in 2003 – 2005 the National Assembly of Burkina Faso cleared the backlog of annual budget out-turn reports stretching back nearly 20 years. For the last five
years the draft financial statements have been prepared and submitted to the National Assembly within six months of the end of the period when the payments are made. The annual report of the General State Inspectorate of Burkina Faso is made public in March or April of the following year and is provided to the State President, the Prime Minister, the President of the National Assembly and the donor community. It is then made available on the website of the Prime Minister.

4.2 Understandability

Are the financial statements clear and are the key aspects and terms explained?

Many of the key users of government financial statements (the general public and their political representatives) are not financially literate and so extra effort is needed to make sure that public sector financial statements are accessible, clear and understandable.

4.2.1 Commentary and explanations

In many countries the Accountant General provides a commentary on the financial statements and this may be complemented by the introduction to the annual report of the Auditor General. The Auditor General provides a summary and overview of the government’s financial position and budget out-turn in, for example, Kenya, Uganda and South Africa.

The Accountant General in Tanzania provides a two and a half page commentary on the financial statements. In Uganda there is a commentary on the Financial Statements by the Accountant General (five pages), comments are provided on the overall level of payments, receipts and balances. A six-page overview is provided by the Accountant General (Mauritius). A seven-page review of reforms and budget out-turns etc is provided by the Accountant General of Sierra Leone which includes three graphs (including a seven year summary of revenue). In Ghana the Accountant General provides an overview of the financial statements of just over 20 pages which includes an explanation of many of the key terms. In addition five year trends are provided for revenue and expenditure and for the balance sheet. In South Africa an overview is provided by the Accountant General; this reviews the operating results (35 pages). It also shows trends over a six-year period. The financial statements for Burkina Faso provide extensive commentary explaining the results of the budget out-turn report.

Graphs may greatly help in the understanding of the financial position and trends in recent years. Charts showing five-year recurrent/capital revenue and expenditure with analysis are provided by the Accountant General of Mauritius. Graphs of total revenue and expenditure over the last five years are provided by the Accountant General of Ghana. The General Balance of the Treasury Accounts of Burkina Faso which complement the Government’s financial statements include 16 graphs and eight tables showing the overall finances of the State over the previous five years. The review of operating results in South Africa includes around 40 graphs.

The 2008 financial statements for Rwanda provided a page of explanations of the key terms. Many of the key terms are explained in the accounting policies for the Government of South Africa. According to the Open Budget Survey (2010), thorough non-technical definitions of terms used in the budget and other budget-related documents are provided in Ghana and South Africa and some definitions are provided in Namibia. These explanations can be important as many public sector accounting terms have a specific meaning in different countries; for example, advances, may mean loans to individual officials, for example, to purchase a car (an asset); money released to ministries, departments or agencies to undertake specific tasks (unaccounted for expenditure or an asset); or receipts received in advance of the service being provided by a ministry, department or agency (liability) or an unretired imprest (unaccounted for expenditure or an asset).
4.2.2 Consolidation approach

Many countries provide consolidated financial statements of one sort or another, but there is a need to be clear about what is meant by consolidation and which entities are included within the consolidation. However, the cost and usefulness of consolidating the accounts of parastatal organisations or sub-national government with those of national government ministries, department and agencies is not clear (Government Accounting Standards Advisory Board, 2008). The Accountant-General of an East African country said that it would be impossible to produce consolidated accounts. After further consideration, he accepted that it would be possible, but that the costs would be significantly greater than any benefits (personal interview).

In South Africa full consolidation is not undertaken as inter-entity transactions are not necessarily eliminated (this is considered to be unnecessarily costly). As a result, the Government’s main financial report is termed Consolidated Financial Information (rather than consolidated financial statements). National Departments (ministries, departments and agencies) are consolidated separately from public entities (Public entities include constitutional institutions and national public entities) as the later use the accrual basis (South Africa). The provincial and local level entities are not included in these reports apart from transfers to provinces (South Africa). Uganda provides a clear statement on the types of entity which are included in the statements (not government business entities – except for dividends received and subventions provided). A clear statement is provided on the types of entity which are included in the statements and reference is made to lists in other documents, but no clear list is provided (South Africa).

Details are provided of significant entities controlled by the Government of Tanzania. This includes any subsidies provided for the current and previous years, the percentage of the government’s holding and its value at cost for the current and previous years. This includes subsidiaries (above 50%), associates (20-50%) and shareholdings of below 20%. The financial results of these entities are not consolidated within the main financial statements. Details are also provided of the balance at the year-end (and for the previous year) of any funds operating within ministries, departments and agencies. These funds are also not consolidated within the main financial statements of the Government of Tanzania.

The governments of France the UK and the US have all faced significant problems in producing annual consolidated financial statements. The US Government Accountability Office (2015) has been unable to provide an opinion on the Government’s consolidated financial statements for the last 18 years. The Government of India considers that full consolidation of all public sector entities, “is likely to cause more distortion than bringing in clarity in the financial statements of government” (Government Accounting Standards Advisory Board, 2008: 9) and so it does not plan to consolidate its government business enterprises or sub-national governments.

4.2.3 Legal basis and Auditor General opinion

A statement is provided on the legal basis for the financial statements and the basis of accounting which is used (modified cash) in many countries, for example, Ghana, Mauritius, Rwanda, South Africa, Tanzania and Uganda.

The opinion of the Auditor General is provided by most governments in the same document and alongside the financial statements (Botswana, Mauritius, Nigeria, Sierra Leone, South Africa, Tanzania and Uganda).

4.2.4 Functional analysis

A summary of total expenditure analysed by the standard 10 COFOG functions outlined in the Government Financial Statistics Manual (2001: 76) may assist in the understanding of the relative level of government spending in different areas. This is especially useful for
international comparisons as the structure of ministries, departments and agencies is different in each country. However, this standard analysis is not usually provided by African governments in the financial statements. In 2009, only two African countries provided this analysis to the IMF (Mauritius and Seychelles) and the data for the later was at least two years out of date.

A functional summary of expenditure and net lending is provided, but this does not follow the IMF GFSM analysis (Botswana) (International Monetary Fund, 2001). A summary of expenditure analysed by most of the COFOG functions (International Monetary Fund, 2001) is provided (not including Social nor Environmental Protection which are combined with General Services in “Other”) (Sierra Leone). For South Africa government expenditure is analysed into five clusters (social, justice, central government, economic and finance (rather than a functional classification).

4.2.5 Brief reports with supporting details

Understanding and clarity may be enhanced with a short financial report, but the size of a government’s financial statements varies greatly from country to country: Botswana 605 pages; Kenya nearly 2,500 pages; Mauritius 217 pages; Nigeria 45 pages; Sierra Leone 30 pages and 30 pages of appendices; South Africa 179 pages (with 96 pages on “National Departments, the National Revenue Fund, State Debt and Tax & Loan Accounts”) and Tanzania 73 pages.

It may be that a short popular introductory document should be produced of 30 pages or less with supporting details available on the Internet for those that require it.

In a number of countries, the Auditor General provides an executive summary covering the main findings in their report, this includes Tanzania and Uganda. In Ghana, the Auditor General provides an eight-page summary of significant findings and recommendations. A summary of the report of the Court of Accounts which is sent to the National Assembly of Burkina Faso (including the declaration of consistency) is included in the annual public report of the Court of Accounts of Burkina Faso (including about 20 pages commentary on the budget).

4.2.6 Covering letters and responsibilities

Some financial statements include covering letters from the Minister of Finance and other senior officials. This demonstrates that the document is an official report from the government and may detail their respective responsibilities. The reports include statements from the Minister of Finance and the Secretary to the Treasury/ Permanent Secretary (most senior civil servant in the Ministry of Finance). The Secretary to the Treasury also signs the main statements with the Accountant General (Uganda). A Statement of Responsibilities is provided – outlining the respective responsibilities of the Minister, Secretary to the Treasury and the Accountant General (Uganda). A preface to the financial statements is provided by the Ministry of Finance (Nigeria). A letter from Accountant General to the Financial Secretary is provided and another from the Financial Secretary to the Minister of Finance (Mauritius). The reports are signed by the Accountant General and the Director General (head civil servant of the ministry) (South Africa). The financial statements include a statement that the statements were authorised by the Ministry of Finance (Sierra Leone).

4.2.7 Other aspects

Details of development expenditure are provided by project compared to Total Estimated Cost (TEC) including previous years’ expenditure (Botswana). This shows the total costs to date of individual development or capital projects.
The financial statements are produced in a well-presented and printed colour publication for Mauritius, Nigeria, Tanzania and South Africa. This may encourage wider readership of the financial statements.

4.3 Openness

Is the key financial information of interest to politicians and the public made available?

Careful consideration needs to be given to the specific areas of interest and to providing the necessary information to the key users of government financial statements. For example, in some countries there may be concern on the level of pension arrears, in these cases appropriate information and explanations should be provided. Several countries (Ghana, Tanzania, Uganda and South Africa) provide separate audited financial statements for individual ministries, departments and agencies, so some of the detail may be provided in such accounts. Below we have only considered the contents of the central government financial statements.

4.3.1 Comparisons to budget

This appears to be a key role for government financial statements. Was the government’s budget implemented in the ways agreed by the National Assembly and in line with Financial Regulations? Material over and under-spending should be reported and explained. The financial statements should be classified in the same form as the government’s annual budget and in accordance with the approved chart of accounts (Sierra Leone).

Actual receipts and payments are provided, compared to budget (adjusted appropriation) by department showing actual and percentage variance and appropriations in aid are also included in the summary provided in the Auditor General’s report (Kenya). Rwanda provides summary totals of internally generated revenue from types of organisations, for example, ministries, local governments etc. Details are also provided of recurrent revenue compared to budget (60 pages). Details are provided of recurrent expenditure compared to the budget and warrants (280 pages) (Botswana). Detailed line item reports are provided of budget out-turn of ministries, departments and agencies (122 pages) (Mauritius). A summary is provided by vote (for ministries, departments and agencies, embassies, hospitals and district councils) showing budget, releases and actual expenditure (Uganda).

Detailed comparisons with the budget could be excluded from the printed reports and just provided in reports on the Internet. This would reduce printing costs and so be more economic. This approach would mean that the cost of providing such information would be greatly reduced and so information could be provided on a detailed line item basis for individual front line service providers like primary schools and primary health centres.

According to the country reports of the Open Budget Survey (2010), the year-end budget report highlighting key differences between the enacted level of funds intended to benefit directly the country’s most impoverished populations and the actual outcome in Ghana and South Africa (but some details are excluded) and some explanations are presented, but they lack important details in Namibia and Uganda.
4.3.2 Key budget documents

The Open Budget Partnership has identified the following eight key budget documents which should be produced at the appropriate stages of the budget cycle:

- pre-budget statement
- executive’s budget proposal
- enacted budget
- citizens budget
- in-year budget reports
- mid-year budget review
- year-end budget report
- audit report

The governments of South Africa and Uganda publish all of these documents according to reports of the Open Budget Survey (2010). All of the documents are also published by at least one of the other countries we reviewed. The audit report is published by all the countries and the enacted budget by all but one. Interestingly, there are numerous instances in which these documents are produced, but not made publicly available. So governments could easily improve their level of openness by publishing these documents which are already available.

4.3.3 Government debt

The overall level of government debt is of concern in many countries. This should be reported and any changes reconciled to the balance sheet and overall budget out-turn balance.

A statement of public debt is provided with a summary of foreign currency loans (in local and relevant foreign currencies (Botswana). Details are provided in appendices of external public debt of balance and payments made on a loan by loan basis (in local currency) and original loan in currency of provider (Sierra Leone). In Uganda, there is full disclosure in a Statement of Outstanding Public Debt which is consistent with the total liabilities in the Consolidated Statement of Financial Position (balance sheet). This analyses the debt by domestic and external debt of various types. Totals for loans from individual multi-lateral organisations are provided (Uganda). A detailed listing of public debt is provided with interest rates and value in foreign currency for external debts (Mauritius). It includes a summary of total government debt analysed in to domestic and foreign debt for the last six years, also a reconciliation of the deficit per consolidation to the budget review (separate document) (South Africa). The Tanzanian financial statements provide details of individual loans provided to the Government including the provider, the debt stock in the relevant foreign exchange and Tanzanian shillings at the end of the year and for the previous year. This is analysed by main classes of provider of external assistance and types of domestic debt. The financial statements for Ghana provide a detailed analysis of domestic debt showing any changes over the year. They also provide details of foreign debt stock by donor and project showing the exchange rates and any changes during the year.

Details are provided of all issues of Treasury Bills and Bonds including interest rates (Sierra Leone).

4.3.4 Arrears

Arrears of government receipts and payments may also be of significant interest to users of government financial statements.

A summary is provided of arrears of revenues, further details are also provided for types of taxes and non-tax revenue, with the latter detailed by ministry, department and agency etc (Uganda). A statement of arrears of revenue is provided (Botswana). The National Accounting Principles for Mauritius require that revenue arrears should be reported, but not expenditure.
arrears. A statement of arrears of revenue by entity compared to the previous year is provided (Mauritius and Tanzania). Further details of these arrears are then provided in the financial statements of the individual ministries, departments and agencies, for example, the arrears for the Ministry of Health and Social Welfare were for training fees (Tanzania).

Payment arrears are an area of interest, at least for the donor community, and are covered in PI-4 of the PEFA Framework (2011). However, few governments appear to report on this aspect of their finances, although, for example, the Auditor General of Kenya does report on pending bills, or payments to suppliers which were outstanding at the year end for each ministry, department and agency. The definition of payment arrears is not necessarily clear. The Monetary and Economic Union of West Africa (UMEOA in French) does, however, define this (as does the Government of Ghana) as payments not made within 90 days of the receipt of the goods or services. In Sierra Leone the balance and change to domestic and other creditors is included. In Tanzania a statement of outstanding liabilities is disclosed and is analysed by the type of arrears (for example, “Supplies (good and services)” and “Salary arrears”) rather than ministry, department or agency.

In Uganda payment arrears are more than 10% of annual expenditure but not clearly reported on in the financial statements, although some information is included in the report of the Auditor General. The 2008 Consolidated Financial statements state that: “Whereas government is committed to minimizing creation of new domestic arrears through the implementation of the commitment control system, new arrears continue to emerge due to budgetary constraints. Government will continue to take all the necessary steps to ensure that domestic arrears are gradually paid off.” (page 8). Note 21 to these accounts shows details of domestic payables (“These comprise committed creditors [often referred to as “domestic arrears”] incurred by Accounting Officers, which have not been redeemed/cleared by the year-end.”) with the comparative figure for the previous year. The Auditor General report for 2008-09 provides totals for payment arrears for the last four years and the totals by ministry or department (Uganda). The 2009 consolidated financial information provides totals and a graph for current payables for the last six years showing increases of 50%, 67% and 25% over the last three years, but with no clear explanation. The level of current payables shows the total and those owed for more than 30 days.

4.3.5 Losses

Summaries are provided of reported losses and those written off or abandoned, with details by ministry, department and agency etc (Uganda). A Statement of Stores Losses is provided – showing losses in previous years and the current year (Mauritius). Details of loss of public money provided with date, particulars, loss, recovered/written off and state of the file (Botswana). The financial statements for the Government of South Africa disclose fruitless and wasteful expenditure as a note to the accounts. A statement of losses of public moneys, stores written off and claims abandoned are provided by vote (ministries, departments and agency) compared with the previous year in the financial statements of the Government of Tanzania, more details are then provided in the financial statements of individual ministries, departments and agencies. The financial statements for Ghana provide a schedule of doubtful debts by individual public board, corporation or company.

4.3.6 Proceeds from privatisation

The proceeds from privatisation of public enterprises are disclosed (Rwanda). The financial statements for Sierra Leone provide the amounts outstanding from privatisation. This includes amounts for specific companies and the payments received during the year. Similarly for Ghana, details are provided for any outstanding payments for privatised companies. This
4.3.7 Outstanding loans, advances, imprest etc

In some countries there may be an issue with outstanding or unpaid loans, this may also be a problem with advances, imprests and suspense accounts which are used to hide unauthorised payments.

Supporting statements are provided on advances and loans issued and investments held by the Government (Uganda). Statements are provided of loans outstanding and investments in commercial undertakings (Botswana). Details are provided of loans outstanding to individual public boards and corporations and to private companies (export credit guarantees) with changes over the year (Ghana).

Summaries of advances provided by ministry and directorate are provided (Botswana). The Ugandan accounts provide totals for “advances domestic” and “advances – deferred income”. The Auditor General’s report for 2008-09 provides details of advances by ministry or department in Uganda and says that these are not accounted for. Details of advances by ministry, department and agency and type of advance (cars, claims, dishonoured cheques etc) are provided (Mauritius). Totals of outstanding loans and advances provided to employees (and Members of The National Assembly) with the amount written off during the year are provided (Sierra Leone). Totals are provided by ministry, department and agency for advances for vehicles, special advances and salary advances indicating changes over the year (Ghana).

The financial statements for Burkina Faso include details of state loans, advances and repayments. This includes details of state loans to each company, the amount loaned and repaid, and the amount still to be recovered. It also provides details, in total, of loans provided to communes, provinces and members of the government and previous governments.

The Auditor General’s report for 2007-08 provides totals of funds reported in suspense and clearance accounts (Kenya). The Auditor General’s report for 2007-08 provides balances of imprests outstanding at the end of the year for each ministry or department (Kenya). The financial statements for Uganda show a figure for ‘Cash at hand - Imprest’ in total and for the previous year. The Nigerian accounts show a figure for the ‘outstanding imprest account’ for each ministry, department and agency and provide figures for the previous year. The Statement of Assets and Liabilities for Botswana shows a total figure for imprests and the report of the Auditor General provides some further details, but not by individual ministry, department and agency. The report also indicates a concern in this area expressed by the Public Accounts Committee.

4.3.8 Investments

Information is provided for all special funds including income/expenditure statement, balance sheet and investments (Botswana).

Details of cash balances, deposit and other bank accounts are provided (Botswana). Balances with various accounts in the Central Bank and totals for individual private banks provided which is consistent with the cash flow statement are provided (Sierra Leone). Balances are provided for the main types of cash and bank account showing the change over the year (Ghana).

Details are provided of investments in public boards and corporations, and private companies with any changes during the year (Ghana). Details are provided of significant controlled entities. This includes any subsidies provided for the current and previous years, the percentage of the government’s holding and its value at cost for the current and previous years (Tanzania).
A summary of contingent liabilities showing the lender, nature, interest rate, repaid, maximum liability and current outstanding is provided (Botswana). Some details of contingent liabilities are provided – mainly totals in general and parastatal categories (Sierra Leone).

A summary of contingent liabilities is provided by type or organisation or liability, with a comparison to the previous year. A similar analysis is provided for commitments, with details of named ministries, departments and agencies etc (Uganda). Details of government guarantees (contingent liabilities) line by line with foreign currency details are provided (Mauritius). Summaries are provided of different types of contingent liabilities (South Africa). In Tanzania a statement of loan guarantees and export guarantees is provided giving details of the individual loans provided by the Government, the borrower, lender, size of loan and guaranteed amount. A statement is also provided of contingent liabilities (court cases against public sector entities), this includes the public sector entity, brief details of the cases and the possible value of the liabilities.

**4.3.10 Financial assistance**

Details of budget support are provided by donor (including donor currency) compared to the budget and the previous year (Rwanda - for amounts received by the central Treasury and Sierra Leone). A statement of foreign aid received (cash) is provided – by donor and recipient entity (Mauritius). A statement of foreign aid received (not cash) is also provided – by donor and recipient entity (Mauritius). This includes that received and the balance outstanding with its purpose (Mauritius). A statement of loans, grants technical assistance for development projects is reported by donor (Rwanda). Details are provided of external assistance included in the budget and actually received by the Government of Tanzania, with figures for the previous year. This includes external assistance provided by individual multilateral bodies and bilateral donors. The financial statements for the Government of Ghana provide details of external assistance received during the year analysed into grants, loans and projects grants, showing the amounts received from each donor in the currency of Ghana.

The financial statements for Burkina Faso provide details of grants and loans (including some project finance) with details of the support provided by each donor (in FCFA, the regional currency). In addition, there is a separate report from the Director General of International Cooperation on the receipts from the international partners. This is a detailed annual report for the last ten years (250 pages for 2009 issued in June 2010). A summary is provided of all aid agreements showing their amounts in the currency of origin and local currency. A summary is also provided of all aid received by country and agency (for example, the three French aid agencies) in American dollars (Burkina Faso).

According to the Open Budget Survey (2010), all sources of donor assistance are identified individually in the budget or supporting documents for Ghana and at least two-thirds of, but not all, sources of donor assistance, are identified individually in other countries (Namibia, South Africa, Tanzania, Uganda).

**4.3.11 Extractive Industries Transparency Initiative**

The following African countries are said to be compliant with this initiative according to the Initiative’s website:

- Central African Republic
- Ghana
- Liberia
• Niger
• Nigeria.

4.3.12 Secret expenditure

According to the Open Budget Survey (2010), one percent or less of expenditure is dedicated to secret items relating to, for instance, national security and military intelligence in South Africa. Three percent or less, but more than one percent, of expenditure is dedicated to secret items in Ghana and maybe, Namibia; and eight percent or less, but more than three percent, of expenditure is dedicated to secret items in Uganda.

The Open Budget Survey (2010) also found that detailed audit reports of the annual accounts of the security sector (military, police, intelligence services) and other secret programs are provided to the legislature (or relevant committee) in Ghana and South Africa. Legislators are provided with audit reports on secret items, but some details are excluded in Tanzania and legislators are provided audit reports on secret items, but they lack important details in Namibia and Uganda.

4.3.13 Other information of interest to citizens and the media

Based on interviews with journalists, a leader of a significant public sector trade union and other NGOs in Tanzania and Burkina Faso, the following are their priorities in terms of financial reporting by the Government:

• the salaries and benefits of senior politicians and public officials should be made public
• the assets of senior politicians and public officials should be published when they enter office and when they leave
• the budgets, receipts and expenses of primary schools and primary health centres should be made public
• the receipts and expenses of local authorities should be published
• at least summaries of financial statements should be provided in local languages.

U4 (2008) reports that, in 2006, 28 of the 48 African countries required disclosure of income and assets by public officials. Of these, 23 countries require officials to declare their assets to an anti-corruption body or other government entity, while five publish the declarations (Cape Verde, Central Africa Republic, Liberia, Sao Tome/Principe and South Africa). See also (Messick, 2009).

In South Africa disclosure of personal assets and financial interest is required from elected officials, senior public servants, members of the National Assembly and Cabinet. In Uganda, the declaration of assets law covers all top and middle ranking public officials. Kenya, Tanzania, Uganda, and Nigeria also require that public office holders declare the assets of their spouse and children in a separate declaration, to prevent dishonest officials from hiding their assets in their spouse or relatives’ names. Only separated spouses and married/independent children are usually excluded from such regimes.

Most countries make provisions for a yearly filing interval in addition to the initial declaration upon entry into office and after the end of the term.

The budgets, receipts and expenses of primary schools and primary health centres should be made public in local languages and understandable in other ways (as was the case in Uganda). Transfers to local governments may be published on the website of the Ministry of Finance in Nigeria and Tanzania.
In Burkina Faso, for the 2010 budget a 20 page explanation was provided in five local languages.

4.4 Consistency

**Is the information consistent from one year to the next, between accounts within the same financial statements and is it reliable and free from material errors?**

The final characteristic, considered in this paper, is consistency which complements understandability and openness. Financial statements should be consistent between the various statements, over time and ideally between countries. In addition, with the increasing publication of quarterly (or even monthly) budget out-turn reports, it is important that these are consistent with or at least reconciled with the annual financial statements.

Technical terms and the figures should be consistent between the different financial statements. This should include, for example, a consistent value and definition of government deficit. In the Nigerian financial statements the same figures are available in the *Cash Flow* and the *Consolidated Revenue Fund* for receipts and operational payments. And the same values in the *Cash Flow Statement*, for example, for cash also appear in the Balance Sheet. Similarly the three main statements provide consistent figures for Sierra Leone. A reconciliation is provided between the “Net surplus /(deficit) as per Statement of Financial Performance” and “Net cash flow generated by operating activities” in the cash flow statement (South Africa). But this reconciliation is not easy to understand and no explanation is provided. Different values are given for cash and cash equivalents in different parts of the financial statements, for example, Note 18 provides a value of Rand 105,156,062 whilst in the Cash flow statement a figure of Rand 101,432,127 is provided (South Africa).

There has been a consistent pattern of reporting by the Government of Mauritius for more than five years, except that statement AA (cash flow statement) is now part of the main accounts. There is also a consistent pattern of reporting over the last five years for the Government of Sierra Leone. Quarterly budget out-turn reports have been produced in the same format by the Government of Tanzania for the last decade. These reports provide a ten page commentary on the budget out-turn covering expenditure, domestic revenue, grants and financing. This report is issued regularly each quarter by the Government of Tanzania. It is published on the Government’s website (where reports from the last ten years are available):

http://www.mof.go.tz/index.php?option=com_content&task=view&id=24&Itemid=38

In a number of countries, the reports of the Auditor General suggest that the quality of the accounting records needs to be improved, for example, from the report for 2008-09 the following weaknesses were noted in one middle sized sub-Saharan African country:

- poor and inadequately maintained accounting records including ledgers and trial balances
- unanalysed balances for various below the line accounts
- uncleared long outstanding balances in the statements of assets and liabilities and bank reconciliation statements
- unreconciled cashbook balances
- inaccurate brought forward balances in the statements of assets and liabilities and in various revenue statements
- material book keeping errors resulting in exclusion of expenditure from the accounts.
In a number of sub-Saharan African countries these problems have existed since the economic problems of the 1980s. In 1991, a UN report noted the following inaccurate accounting weaknesses:

- delay/failure to reconcile cash books with bank accounts
- differences between the individual accounts kept by accounting units and the summary accounts held in the central accounting system
- improperly kept accounts of budgetary expenditures (vote books)
- carelessly or unskilfully prepared accounting reports from field officers
- misclassified and wrongly coded transactions.

The annual report for the Auditor General of Uganda for 2008-09 provided the following summary of its financial audit work: “Out of 93 entities audited, 37 entities had unqualified opinions, 54 had qualified opinions, one disclaimer of opinion and one had an Adverse opinion”. Cash balances amounting to Shs.110,499,883,723 were not reported in the Consolidated Financial Statements (around 3% of total), hence understating cash position as at balance sheet date. It was also noted that internal controls to ensure proper custody and efficient utilization of government cash deposits are still inadequate (Uganda).

Clearly overcoming these fundamental weaknesses is a pre-condition for preparing high quality financial statements and may conflict with the need to produce the accounts on time.

5 CONCLUSIONS AND POLICY IMPLICATIONS

Based on the research undertaken for this paper, this section provides a summary of what we consider to be good practices in financial reporting by central governments. These results could be used to improve the capacity of African governments to provide their parliaments, media, citizens and other stakeholders with timely, clear, reliable and relevant financial statements for all their central government entities.

We consider that the key role of financial reporting by central governments is to account to the public, through their elected representatives in parliament, for the way in which the annual budget, previously agreed by parliament was implemented. To improve such accountability, budget documents and subsequent financial statements need to be more closely aligned; for example, projected borrowing and year-end levels of debt stock should be included within budget documentation. Accountability would also be improved if the most recent audited financial statements were provided with the budget documents submitted to parliament. Other items, such as payment arrears, investments, privatization proceeds, which appear in the financial statements, should also be included in budget documents at least as brief summaries.

The key aspects of existing good practices identified from the annual financial statements were analysed are summarised below against the four qualitative criteria of timeliness, understandability openness and consistency. These could be considered to be a set of success criteria against which the quality of financial reporting by other governments can be assessed. These existing good practices could also enable other countries to improve the quality of the financial reports from their central governments based on this practical experience within the region.

5.1. Timeliness - Are the audited financial statements made public promptly after the end of the financial year to which they refer?

Basic good practice is that the audited financial statements are presented to parliament and published within 12 months of the end of the relevant accounting period. This is now achieved by most African governments. A refinement is for the accounts to be published within nine
months of the end of the financial year so that they can be considered before the budget for the following financial year is agreed by parliament. This is currently being achieved by, for example, Mauritius, Tanzania, Uganda and South Africa.

5.2. Understandability - Are the financial statements clear and are the key aspects and terms explained?

Extra effort is needed to ensure that public sector financial statements are accessible, clear and understandable by their users. In many countries the Accountant General provides a commentary on the financial statements and this is complemented, in some countries, by the report of the Auditor General. These commentaries are made more understandable with the inclusion of graphs and charts. In addition, the inclusion of a glossary or explanation of key terms can assist users to understand the technical language which is used. A summary of the financial results for the last few years may also help to provide the context for the government’s financial statements.

The entities which are covered by the main accounts of the government are indicated or listed in many of the financial statements of governments of sub-Saharan Africa. However, none of the statements we reviewed consolidate all controlled entities and government business enterprises are almost always excluded. Such a consolidation is currently a core requirement of the Cash Basis IPSAS, but this may be revised (IPSASB 2015).

The financial statements usually include reference to their legal basis and the formal opinion of the Auditor General.

The length of the financial statements varies greatly from nearly 2,500 pages in Kenya to only 30 pages for the main report in Sierra Leone. In a number of countries, the Auditor General provides an executive summary covering the main findings in their report, this includes Tanzania and Uganda. The provision of such an executive summary may significantly increase the understandability and clarity of the financial statements.

Understandability is also dependent on the information provided given that there are different systems of accounting being used. The core question of how well the information is presented and understandable to the target audience (civil society, legislature, citizenry) was better dealt with than the information required for country comparisons by external stakeholders such as members of the donor community, international debt markets, foreign exchange markets where consistency of information to allow cross-country comparisons is more important. There is additionally the relationship of different accounting and economic data being presented in ways that can be confusing as the definitions of statistical information and different technical definitions of accounting information can be complex.

5.3. Openness - Is the key financial information of interest to politicians and the public made available?

Comparisons of actual payments and receipts to the budget agreed by parliament are a key role for public sector financial statements and are provided by all the financial statements reviewed for this study. However, the level of detail varies from country to country and significant variances between the budget and the actual results are not necessarily clearly explained.

Details of government debt are provided in most of the financial statements we reviewed. This may include individual loans (Botswana), details of interest rates and the value in foreign currency of external debts (Mauritius) and changes over the year and the relevant exchange rates (Ghana).

Many countries provide details of arrears for revenue and this may be analysed by ministry, department and agency with a comparison with the previous year (Mauritius, Tanzania and
Uganda). Fewer governments report on payment arrears and common definitions are not used, although these have been developed for those Francophone countries that are members of UMEOA (Monetary and Economic Union of West Africa).

Several governments provide details of losses, fruitless or wasteful expenditure. This may include individual cases (Botswana) or the total for each ministry, department and agency (Tanzania).

Proceeds of privatisation are reported by several governments and some include details of outstanding payments (Ghana). Similar details are often reported of outstanding loans, advances and imprests and may include details written off during the year. Listings are also usually provided of government investments. Details are provided of contingent liabilities by several governments, especially loan guarantees (Tanzania). These may include details of individual cases (Mauritius) or only summary amounts (South Africa).

Details of financial assistance received from individual donors are often reported and may include the amounts in the local currency and the currency of the donor (Rwanda). The figures are usually analysed into loans and grants. However, Mauritius is one of the few countries that provides details of most of its project or non-cash aid.

The Open Budget Survey (2010) indicates that in many countries little or no information is provided on spending in areas defined as ‘secret’, although this is less than three per cent of expenditure in Ghana, Namibia and South Africa.

Key users of government financial information (for example, journalists, trade unions and other NGOs) indicate that they would like to see further details of the salaries and other benefits paid to senior politicians and public officials. Only five countries publish the asset declarations of such individuals. Users would also be interested in the payments and receipts of primary service facilities including schools and health centres.

Consistency - Is the information consistent from one year to the next, between accounts within the same financial statements and is it reliable and free from material errors?

In some financial statements the figures are clearly consistent between the different statements (Nigeria and Sierra Leone). However, other governments may provide different figures, for example, for cash and cash equivalents in different parts of their financial statements.

Some governments have been able to report in a consistent format over the last five years (Mauritius and Sierra Leone). The Government of Tanzania provides a 10-year history of quarterly budget out-turn reports on its website, but these are not clearly consistent nor reconciled with the associated annual financial statements.

Policy Implications

This paper is predicated on the view that existing good practices in sub-Saharan Africa in terms of annual financial reporting by governments had not previously been studied, analysed or documented. It was felt that international standards should be based on existing good practices and so the first step in their development and refinement should be the codification of existing good practices. The timing and sequencing of public financial management reforms should be clear to build on existing strengths as well as focusing on weaknesses as identified by PEFA assessments. The lack of recognition of good practice can place in danger successful development of PFM systems and may in some cases reduce the overall effectiveness of PFM reform.

The international accounting standard which is promoted most widely across sub-Saharan Africa by the international financial institutions, the development partners and professional organisations is the Cash Basis IPSAS. However, the main requirements of this standard have
not been implemented in any country in sub-Saharan Africa, or indeed across the world (Wynne, 2012). This may be because the standard was not developed from codified good practice, for example, a key requirement is for full consolidation of the financial results of all organisations controlled by the government (International Public Sector Accounting Standards Board, 2007). However, this objective has yet to be achieved by any government in the world including Australia, New Zealand and UK (Wynne, 2012).

It is hoped that this paper can be used to further improve the capacity of African governments to provide their parliaments, media, citizens and other stakeholders with timely, clear, reliable and relevant financial statements for all their central government entities. This is necessary for accountability purposes and can change the focus to a more positive one of building on current good practices rather than just highlighting poor practice.

Implementing such good practice can best be achieved by peer review and joint working by regional officials rather than dependence on international consultants bring outside expertise, but lacking essential knowledge of local conditions, cultures and practices. As a result, it is hoped that regional bodies, for example, ESAAG (regional body for Accountants General) and AFROSAI-E (regional body for Auditors General) will find the information identified by this paper useful in developing regional guidance for their members.

The paper provides a starting point for identifying existing good practice in annual financial reporting by the governments of sub-Saharan Africa. The Declaration on Good Public Financial Governance prepared for the African ministers of finance in March 2011 (CABRI, AFROSAI & ATAF, 2011) recommended, “support for the implementation of consistent accounting standards across government and strengthening financial reporting practices” (page 5). It is hoped that this paper will facilitate the achievement of this objective.

The existing good practice identified in this report, if more widely adopted across sub-Saharan Africa, would increase the level of accountability of governments to their citizens. It will also increase the level of comparability of financial statements between governments and so facilitate international comparisons.

It is recognised that a number of pre-conditions will be necessary before the good practice outlined in this paper can be widely implemented. These will include an appropriate legal framework (with supporting regulations, manuals and policies), the availability of staff with suitable experience and adequate capacity within the office of the Accountant General (including IT infrastructure) and line ministries.

The study would benefit from being extended to cover the financial statements of a larger range of African governments, especially those of Francophone countries. In addition, as suggested earlier, this study could be replicated in other regions of the world and this would provide the comprehensive information which is needed to develop practical international public sector accounting standards for the public sector which are based on existing good practice and should therefore be more practical and attainable.

**Acknowledgement:**

The African Capacity Building Foundation provided some financial support for the fieldwork phase of this study.
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Abstract

The issuance of Government Regulation (PP) No.71 in 2010 on Governmental Accounting Standard and Regulation of the Minister of Home Affairs (Permendagri) No.64 in 2013 about application of accrual-based government accounting standards in local government, in article 10 paragraph (2) which states that the application of accrual-based government accounting standards in local government slowest start of the fiscal year 2015, every the regional government financial report required to be properly according to applicable regulations. The aim of this study is to examine reporting financial statement and determine the readiness of the RSUD dr. H. Moh. Anwar Sumenep government in presenting the financial statements based on accrual-based government accounting standards. This research is using descriptive analysis method. Data are obtained through field study. The results showed that the RSUD dr. H. Moh. Anwar Sumenep Government has not applied the PP. 2010 No.71 yet but it has based on PP. 2005 No.24 that is used cash towards accrual, be found obstacle in readiness like the less quantity of human resource as implemented at every SKPD and readiness tools is not yet to put a test. It is necessary to improve the quality and quantity of human resources educational background appropriate accounting and held socialization, technical assistance so as to produce financial statements that relevant and transparent.

Keywords: accounting, accrual basis, the governmental accounting standards, PP No. 71 2010

1- INTRODUCTION

With the issuance of PP 23 In 2005, dr. H. Moh. Anwar Sumenep changed into a Regional Public Service Board in 2012. That change impact on financial accountability refers to the principles of accountability, transparency and efficiency. Regional Public Service Board was formed to provide service to the community in the form of supply of goods and / or services sold without prioritizing profit it as Regional Public Service Board is a non-profit governmental organization.

In line with the implementation of PP old No. 24 In 2005, the government published a new government accounting standards that in PP 71 Year 2010 concerning Governmental Accounting Standards and is followed by the Regulation 64 Year 2013 on the Implementation of the Government Accounting Standards Accrual Based On Local Government. The issuance of PP 71 In 2010, the PP 24 of 2005 declared null and void again this is an implementation of the Law on state finance, although for implementation could be done in stages, but in Article 10 paragraph (2) which states that the application of accrual-based SAP in the central government or local government as in dr. H. Moh. Anwar Sumenep later than 4 (four) years after the Fiscal Year 2010.

With the new regulations issued by the government, the dr. H. Moh. Anwar Sumenep should be better prepared to respond to change, besides the hospitals also further develop facilities and infrastructure to update information. Most importantly improve its human resources in order to ensure better financial statements in dr. H. Moh. Anwar Sumenep and to be able to keep up with
the times, relevant, and transparent to the public. Until now dr. H. Moh. Anwar Sumenep still at minimum standard for human resources, missing techniques informations updates as well as facilities and infrastructures are inadequate, causing less than the maximum service to the community. So if PP 71 of 2010 which is about the Government Accounting Standards will be implementations in dr. H. Moh. Anwar Sumenep, it will provides greater benefits for local government, the community as a user of financial statements, as well as for the development of the accounting profession.

Departing from some descriptions and previous researchers have done, researchers raised the issue in this case is the object of the research studied dr. H. Moh. Anwar Sumenep which is a nonprofit organization and has BLUD (Regional Public Service Board) in 2012, and are required to prepare financial statements in accordance with the reference BLUD PP 71 of 2010 on SAP (Government Accounting Standards) so that the transparency of financial recording and reporting organizations are consistent and comparable.

2- LITERATURE REVIEW

Accounting Hospital which is one of the activities of financial management is one of the first targets that must be corrected in order to provide data and information that will support hospital managers in decision-making as well as observation and control activities of the Hospital. Which is a constraint on the Hospital Self-Finance and unsolved to this day is the hospital doing two recording and reporting system that is based on accounting principles prevalent (Accrual Basis) and Cash Basis to meet the applicable provisions are expected to run parallel, mutually independent and create a control mechanism (internal control), but it is felt to be a burden attendant Hospital.

According to Bachtiar wise, Muchlis, Iskandar in Government Accounting, the purpose of government accounting and business accounting in general is the same, namely:

a. Accountability

In government, finance State-run must be accounted as mandated by the constitution. Implementation of this functionality in Indonesia is set in 1945 Ps 23 paragraph (5).

b. Managerial

Accounting rule allows the government to do the planning in the form of the preparation of the state budget and other development strategies, to undertake the development and implementation of control over these activities in order to achieve compliance with the legislation, efficiency, effectiveness, and economical.

c. Supervision

Audit in Indonesia consists of a general audit, inspection obedience, and operational or managerial examination.

Law Number 17 Year 2003 on State Finance of Article 32 mandates that the form and content of the report accountability of APBN / APBD prepared and presented in accordance with Government Accounting Standards. The government accounting standards drawn up by the Government Accounting Standards Committee that is independent and set by government regulation after having the first judgment of the BPK. Accrual-Based SAP preparation undertaken by KSAP through the process of drafting standard (due process). SAP's standard process of preparation is a professional responsibility KSAP are fully contained in Appendix III.

Preparation of PSAP based on the Conceptual Framework for Governmental Accounting, which is the basic concept formulation and development of the Government Accounting Standards, and is a reference to the Government Accounting Standards Committee, making up the financial
statements, the examiner, and users of financial statements in finding a solution to something of
a problem that has not been regulated in Statement Government Accounting Standards. In
accordance with the mandate of the State Finance Act, the Government has set up the
Government Regulation No. 24 of 2005 concerning the Government Accounting Standards. The
Government Accounting Standards using the cash basis for the recognition of revenue
transactions, expenditures and financing, and the accrual basis for the recognition of assets,
liabilities, and equity funds.

a. Environment Government Accounting

Governmental organization's operational environment affect the characteristics of the
accounting and financial reporting purposes. The essential features within the government to
considering of setting accounting and financial reporting purposes include:

- The main feature of the governance structure and the services provided general form
government and separation of powers. NKRI follows of democracy principle, it means
that power is in the people's hands. People's delegate power to public officials through
the election process. In line with this delegation of power is the separation of powers
among the executive / legislative / and judiciary as applicable in the financial
environment of government / party executives draw up a budget and submit it to the
party the legislature for approval. After the approval / the executive to implement within
the limits of appropriation and statutory provisions relating to appropriation. The
executive responsible for organizing audit to the legislature and the people.

b. Accounting and Reporting Entities

Accounting entity is a unit of the government to manage the budget, property, and liabilities that
organizes accounting and present financial statements on the basis of accounting that has
collected. The reporting entity is a government unit consisting of one or more accounting
entities that according to the provisions of legislation in presenting a statement of
accountability, in the form of general purpose financial statements, consisting of:

1. Central government;
2. Local government;
3. Each ministry or state government environmental agencies center;
4. Organizational units within central government / local or other organization, if according
to the legislation of organizational unit shall be presenting financial statements. In
determining the reporting entity, to consider terms management, control and mastery of
a reporting entity to assets, jurisdiction, specific tasks and missions, with a form of
accountability and authority that is separate from other reporting entities.

c. Role and Purpose of Financial Statements

Financial statements are prepared to provide relevant information about the financial position
and all transactions made by a reporting entity during the reporting period. Financial statements
are primarily used to determine the economic value of the resources that used to carry out the
operations of government, assess the financial condition, evaluate the effectiveness and efficiency of a reporting entity, and help determine the compliance with laws and regulations. Each reporting entity has an obligation to report on the efforts that have been made and the results achieved in the implementation of activities in a systematic and structured in a reporting period for the benefit of:

1. Accountability

Account management resources as well as policy implementation is entrusted to entities reporting in achieving the goals that set up periodically.

2. Management

Helps users to evaluate the implementation of a reporting entity in the reporting period to facilitate the planning, management and control over all assets, liabilities, and equity of government for the benefit of society.

3. Transparency

Provide financial information that is open and honest to the public based on the consideration that the public has a right to find out openly and comprehensively on government accountability in the management of the resources entrusted to him and his obedience to the laws and regulations.

d. Elements Financial Statements SAP PP 71 2010

1. Budget Realization Report

Budget Realization Report presents an overview of sources, allocation, and use of financial resources managed by the central government / local, which illustrates the comparison between the budget and its realization in the reporting period. Elements that are directly covered by the Budget Realization Report consists of revenue-LRA, shopping, transfer, and financing. Each of these elements can be explained as follows:

- Revenue-LRA is the acceptance by the State General Treasurer / Regional Treasurer or by any other government entity that adds to Balance Budget Over the period of the fiscal year in the right of the government, and does not need to be paid back by the government.
- Shopping is all expenditure by the State General Treasurer / Regional Treasurer which reduces the budget balance over the period of the fiscal year and will not be earned back by the government payment.
- Transfers are receipts or expenditure of money by a reporting entity from / to other reporting entities, including the equalization fund and revenue sharing.
- Financing (financing) is any receipts / expenditure has no effect on net worth entities that need to be repaid and / or be readmitted, both in the fiscal year concerned or the years of the next budget, which the government budgeting is mainly intended to cover the deficit or utilize budget surplus. Acceptance of financing, among others, can be derived from loans and divestment proceeds. Financing expenses, among others, be used for the repayment of the loan principal, granting loans to other entities, and investments by the government.

2. Statement of Changes in Balance Budget Surplus

Statement of Changes in Balance Budget Surplus presenting information increases or decreases Budget Balance over the reporting year compared with the previous year.
3. **Balance Sheet**

Balance describe the financial position of an entity's reporting of assets, liabilities, and equity at a certain date. Elements covered by the balance sheet consists of assets, liabilities, and equity.

4. **Operational reports**

Operational report presents an overview of the economic resources that add equity and their use is administered by the central government / local government for the implementation of activities in the reporting period. Elements that are directly covered in the Report of Operations consists of revenue-LO, load, transfer, and extraordinary items.

5. **Cash flow statement**

Cash Flow Statement presents information with respect to the cash operating, investing, financing, and transitory depicting initial balances, revenues, expenses, and cash ending balance of the central government / regions during certain periods. Elements covered by the Statement of Cash Flows consist of cash receipts and disbursements.

6. **Statement of Changes in Equity**

Statement of Changes in Equity presents the increase or decrease in equity information reporting year compared with the previous year.

7. **Notes to the Financial Statements**

Notes to the Financial Statements include a narrative description or details of the numbers listed in the Budget Statement, Statement of Changes in SAL, Statement of Operations, Statement of Changes in Equity, Balance Sheet, and Cash Flow Statement. Notes to the Financial Statements also include information about the accounting policies used by the reporting entity and the other information required and encouraged to be disclosed in the Governmental Accounting Standards and expressions necessary to generate reasonable financial statement presentation. Notes to the Financial Statements express / present / provide such things as the following:

1. General information about the entity disclose Reporting and Accounting Entities;
2. Presenting information about fiscal policy / finance and macroeconomics;
3. Presenting an overview of the achievement of financial targets for the year following the reporting constraints and obstacles encountered in achieving the targets;
4. Present information about the basis of preparation of financial statements and accounting policies selected to be applied on transactions and other important events;
5. Presenting details and explanation of each item presented on the cover sheet of financial statements;
6. Disclose the information that required by the Government Accounting Standards are not presented in the financial statements cover sheet;

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3- **RESEARCH DESIGN**

Type of this research is qualitative descriptive with comparative approach. Descriptive comparative method in this case is done by comparing, describing, interpreting financial data dr. H. Moh. Anwar Sumenep. With this method the researchers will provide an overview of the treatment and to compare the financial statements of BLUD in dr. H. Moh. Anwar Sumenep during three years in accordance with Regulation No. 71 of 2010 concerning the Government Accounting Standards.
The data in this research used primary data. Primary data from this study is the result of interviews with relevant parties in dr. H. Moh. Anwar to hold a debriefing on matters which needed researcher such as organizational structure, new regulations on financial reporting issues and BLUDin dr. H. Moh. Anwar as one of the supporting data in this study as observations directly to the object. Key informants in this study are Drs. Ec. Moh. Siddiq, MM as finance director and dr. Dian Marcia. Spa as head of divisions Evaluation Information.

Researcher used data collection techniques triangulation data. In the data collection techniques, triangulation defined as a collection of technical data that combining of various data collection techniques and data sources that already exist. This means that in this study the researcher collecting data while testing the credibility of the existing data in dr. H. Moh. Anwar Sumenep. In this study, the data obtained in the form of financial statements BLUD, organizational structure, regulatory technical issues guidelines BLUD financial statements and hospital profiles using data collection techniques. Including by observation, interview, and documentation.

Data analysis techniques in qualitative research, carried out at the time of data collection during the research process undertaken. Starting from interviews and observations into finance and accounting. Miles and Huberman in Sugiyono (1984), suggests that activity in qualitative data analysis performed interactively and continues over time. Steps were taken to analyze the data in this study are data reduction, data presentation, Withdrawal Conclusion / Verification

4- ANALYSIS

With the latest issuance of PP No. 71 Year 2010 was followed by a regulation of the Minister of Health No. 1981 / Menkes / SK / XII / 2010 which explains references the preparation of accounting guidelines BLU relevant hospitals based on PMK No. 76 In 2008 the hospital explained that the Public Service Board had to make two of them, namely GAAP financial statements to audit user's interests or for the benefit of stakeholders and PSAP consolidation made by local government agencies. The policy is a guideline and a basic grounding in the presentation of the financial statements in accordance with a policy worthy of Financial Accounting General Government. But until now the dr. H. Moh. Anwar Sumenep still not applying the regulations regarding the release of financial statements of the hospital so there is still guided by and based on the regulation of government long and have not made financial statements in accordance with GAAP.

PSAP No. 24 of 2005 which is still applied by dr. H. Moh. Anwar Sumenep are governmental regulations that have been repealed and no longer applied since the issuance of PP 71 2010. The following are the components of financial statements dr. H. Moh. Anwar Sumenep for three years from 2012 through 2014 since formed into BLUD (Regional Public Service Board) served with some kind of financial report consists of the Budget Realization Report, Balance Sheet, Cash Flow Statement.

1. Financial Statement Analysis dr.Anwar H.Moh Sumenep

   a. Actual Budget

Local government budget realization reports dr. H. Moh Anwar Sumenep is a report that provides an overview of sources, allocation, and use of economic resources that are managed by local governments, which illustrates the comparison between actual and budget in the reporting period. In the budget realization reports, financial reports that still referring to SAP No. 24 2005 should no longer valid, as shown by the recognition of income and expenditure in the cash basis, but the rest of more / less financing of the budget by the end of the reporting period is not transferred to the statement of changes Balance Budget Surplus as described in PP 71 in 2010, and the hospital still has not made the report.

   b. Balance Sheet
On the balance sheet closing statement that the local government of Sumenep, especially report of dr. H. Moh Anwar Sumenep that describing the financial position of the regional assets, liabilities, and equity funds on a specific date.

c. Cash flow statement

Cash flow statement is a report that provides information regarding the use of hospital resources, and changes in cash during the period. Just as the Budget and Balance Sheet reports in dr. H. Moh Anwar Sumenep still refer to the PP 24 In 2005, as in the outflow that have not implemented the payment of employees as on the financial statements of the PP 71 in 2010.

d. Note of Financial Statement

CaLK presents a narrative explanation, analysis or a detailed listing of the value of an item that is presented in the realization of the budget, balance sheet and cash flow statement. CaLK also includes information about the accounting policies used by dr. H. Moh Anwar Sumenep and other information required and encouraged to be disclosed in the Governmental Accounting Standards and fair presentation of the financial statements.

2. Comparative financial statements of dr.H. Moh Anwar Sumenep with SAP PP71 2010 About the Government Accounting Standards

New regulation launched in 2010 namely the PP 71 and in accordance with the provisions of PMK No. 76 in 2008 and was followed by Regulation No. 64 of 2013 on the application of accounting standards in the administration of local government which aims to regulate and make two types of the financial statements BLUD in dr. H. Moh Anwar Sumenep appropriate PSAP and IAS. During two years as a BLUD, now dr. H. Moh Anwar Sumenep has officially become a full BLUD accordance with the Decree of the Regent of numbers: 118/459 013/2011 dated December 28, 2011 and dr. H. Moh Anwar Sumenep Hospital as a regional work unit that implement the Financial Management Pattern of Regional Public Service Board (PPK-BLUD).

So according to the information listed above, the financial statements should BLUD was appropriate and referring to the accrual-based PSAP based on Government Regulation No. 71 of 2010 Regarding Government Accounting with the standards and PSAK No. 45 revised 2011 Concerning Non-profit entity that will be able to accommodate the characteristics of the hospital BLUD in making two types of financial statements and can produce more quality information to meet the needs of financial statement users with purpose to present information more complete and transparent.

Results of a study conducted by researchers in dr. H. Moh. Anwar can be expressed in financial statements of dr. H. Moh. Anwar Sumenep that is not comply and implement, in accordance with Government Regulation No. 71 of 2010 on Government Accounting Standards, which usually financial statements consists of seven components of the financial statements (budget realization report, statement of changes in budget surplus, balance sheets, statements of operations, cash flow statement, statement of changes equity and notes to the financial statements), but on the financial statements in dr. H. Moh. Anwar Sumenep only four financial statements, namely, (budget realization reports, balance sheets, cash flow statements and notes to the financial statements) existing components and the account is not in accordance with the financial statements of SAP PP 71 in 2010, with details as follows:
Table Comparison of Financial Statements

<table>
<thead>
<tr>
<th>Government Regulation No. 71 Year 2010</th>
<th>Hospital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Realization Report Revenue and Expenditure</td>
<td>Implemented</td>
</tr>
<tr>
<td>Statement of Changes in Balance Budget More / Less</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Balance Sheet</td>
<td>Implemented</td>
</tr>
<tr>
<td>Operational reports</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Cash flow statement</td>
<td>Implemented</td>
</tr>
<tr>
<td>Statement of Changes in Equity</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Notes to the financial statements</td>
<td>Implemented</td>
</tr>
</tbody>
</table>

3. **BLUD Financial Statements In accordance with PSAK No.45 revised in 2011**

BLUD is a [regional work units](https://example.com) (SKPD) or Unit of Work on regional work units within [local governments](https://example.com) in Indonesia were established to provide services to the community in the form of provision of goods / services sold without prioritizing search for [profit](https://example.com), and in conducting its activities based on the principles of efficiency and productivity with no separate legal status from the government. It is not same with SKPD in general, the pattern of financial management BLUD provides flexibility in the form of flexibility to implement business practices that is healthy for improving services to the public. In accordance with the provisions of PMK No. 76 In 2008 the hospital BLUD required to make two types of financial statements refer to the PSAP for the sake of consolidation and IAS to audit the interests of users or stakeholders. Here's an example of the format of financial statements in accordance with PSAK No. 45 revisions

A non-profit organization's financial statements in accordance with PSAK 45 includes the statement of financial position at the end of the reporting period, activity reports and statements of cash flows for a reporting period, and notes to the financial statements.

   a. **Statements of financial position**

Purpose statement of financial position is to provide information about assets, liabilities, and net assets and information on the relationship between these elements at any given time. The information in the statement of financial position are used together with disclosure, and other financial information in the report can help the contributors, the organization's members, creditors and other parties to assess:

1. The organization's ability to provide services in a sustainable manner; and
2. Liquidity, financial flexibility, ability to meet its obligations, and the external financing needs.

Statement of financial position presents the amount of the net assets of each group based on the presence or absence of restrictions by the contributor, namely: bonded permanently, temporarily bound and not bound.

Financial Position reporting format are shown in Table 4:16
GOVERNMENT OF SUMENEP REGENCY
Nonprofit Financial Statements Non-Profit (PSAK No.45)

Statement of Financial Position

20XX

Asset :
Cash and cash equivalents
Receivables
Inventories and prepaid expenses
Other receivables
Current investment
Investment property
Fixed assets
Long-term investment
Total Assets

Liabilities and Net Assets:
Payables
Revenue received in advance that can be returned
Other debts
Debt notes
The annual obligations
Long-term debt
Number of Liabilities
Net assets:
Not bound
Tied temporary (Note B)
Permanently bound (Note C)
Total Assets Net
Amount Liabilities and Net Assets
b. Activity Report

The report covers activities of the organization as a whole and presents the changes in the amount of net assets during the period. Changes in net assets in the statement of activities is reflected in the net assets or equity in the statement of financial position.

**Table of Activity reports Format**

Source: Presentation of Financial Statements Nonprofit (PSAK No. 45)

**DISTRICT GOVERNMENT SUMENEP**

Non-profit Financial Statements PSAK No.45

**Activity Report**

<table>
<thead>
<tr>
<th>20XX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in Net Assets Unrestricted</td>
</tr>
<tr>
<td>Revenue and earnings:</td>
</tr>
<tr>
<td>Donation</td>
</tr>
<tr>
<td>Service</td>
</tr>
<tr>
<td>Long-term investment income (Note E)</td>
</tr>
<tr>
<td>Other investment income (Note E)</td>
</tr>
<tr>
<td>Net income term investments</td>
</tr>
<tr>
<td>Long unrealized</td>
</tr>
<tr>
<td>Etc</td>
</tr>
<tr>
<td><strong>The amount of revenue and earnings Unrestricted</strong></td>
</tr>
<tr>
<td><strong>Ended Net Asset Restrictions</strong></td>
</tr>
<tr>
<td>(Note D):</td>
</tr>
<tr>
<td>Fulfillment program restrictions</td>
</tr>
<tr>
<td>The fulfillment of restrictions on the acquisition of equipment</td>
</tr>
<tr>
<td>Expiration of time limits</td>
</tr>
<tr>
<td>The amount of assets that have been ending restrictions</td>
</tr>
<tr>
<td><strong>Amount Revenues, Earnings and Other donations</strong></td>
</tr>
<tr>
<td><strong>Expenses and Losses:</strong></td>
</tr>
<tr>
<td>Program A</td>
</tr>
<tr>
<td>Program B</td>
</tr>
<tr>
<td>Program C</td>
</tr>
<tr>
<td>Management and general</td>
</tr>
<tr>
<td>Fundraising</td>
</tr>
<tr>
<td>The amount of expense (Note F)</td>
</tr>
<tr>
<td>Losses due to fire</td>
</tr>
</tbody>
</table>
c. Cash flow statement

Statements of cash flows are inflows and outflows of cash or cash equivalents generated from operating activities, investing activities and financing activities.

Table Statement of Cash Flows

Source: Presentation of Financial Statements Nonprofits PSAK No. 45
DISTRICT GOVERNMENT SUMENEP  
Nonprofit Financial Statements PSAK No.45  
Cash flow statement  

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash from contributor</td>
<td>xxx</td>
</tr>
<tr>
<td>Cash from other accounts receivable</td>
<td>xxx</td>
</tr>
<tr>
<td>Interest and dividends received</td>
<td>xxx</td>
</tr>
<tr>
<td>Acceptance of others</td>
<td>xxx</td>
</tr>
<tr>
<td>Interest paid</td>
<td>xxx</td>
</tr>
<tr>
<td>Cash paid to employees supplier</td>
<td>(xxx)</td>
</tr>
<tr>
<td>Debt Others are paid off</td>
<td>(xxx)</td>
</tr>
<tr>
<td>Net of cash received (used) in operating activities</td>
<td>(xxx)</td>
</tr>
<tr>
<td>Cash flow from investing activities:</td>
<td></td>
</tr>
<tr>
<td>Compensation from fire insurance</td>
<td>xxx</td>
</tr>
<tr>
<td>Purchasing equipment</td>
<td>(xxx)</td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td>xxx</td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(xxx)</td>
</tr>
<tr>
<td>Net of cash received (used) in investing activities</td>
<td>(xxx)</td>
</tr>
<tr>
<td>Cash flow from financing activities:</td>
<td></td>
</tr>
<tr>
<td>Acceptance of contributions boundaries of:</td>
<td></td>
</tr>
<tr>
<td>Investment in <em>endowment</em></td>
<td>xxx</td>
</tr>
<tr>
<td>Investing in futures <em>endowment</em></td>
<td>xxx</td>
</tr>
<tr>
<td>Investment building</td>
<td>xxx</td>
</tr>
<tr>
<td>The annual investment agreement</td>
<td>xxx</td>
</tr>
<tr>
<td>Other financing activities:</td>
<td></td>
</tr>
<tr>
<td>Interest and dividend boundaries for reinvestment</td>
<td>xxx</td>
</tr>
<tr>
<td>The annual payment obligation</td>
<td>(xxx)</td>
</tr>
<tr>
<td>Payment of debt notes</td>
<td>(xxx)</td>
</tr>
<tr>
<td>Payment of long-term liabilities</td>
<td>(xxx)</td>
</tr>
<tr>
<td>Net of cash received (used) in financing activities</td>
<td>(xxx)</td>
</tr>
<tr>
<td>Increase (decrease) in net cash and cash equivalents</td>
<td>(xxx)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>xxx</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>xxx</td>
</tr>
</tbody>
</table>
Reconciliation of changes in net assets into net cash used in operating activities:

Changes in net assets xxx

Adjustments to reconcile change in net assets into net cash used in operating activities:

Depreciation xxx

Losses due to fire xxx

Annual actuarial losses on liabilities xxx

The increase in interest receivable (xxx)

The drop in inventories and prepaid expenses xxx

The increase in other receivables (xxx)

The rise in trade payables xxx

Decline in revenues in advance that can be returned (xxx)

Decrease in other debts Other (xxx)

Donations tied to long-term investment (xxx)

Interest and dividend tied to long-term investment (xxx)

The net income realized and unrealized from long-term investments (xxx)

Net of cash received (used) in operating activities (xxx)

Additional funds for investing and financing activities of non-cash:

Equipment received as grants xxx

Liberation life insurance premiums, cash values submitted xxx

d. Notes of Financial Statements

Notes of the financial statements are an integral part of the financial statements especially in non-profit organization that aims to provide additional information to challenge value estimate stated in the financial statements. With the notes to the financial statements will be easier for users of financial statements in processing the information presented in the financial statements to better understand.

4. Implications

The analysis of financial statements dr. H. Moh. Anwar Sumenep with PSAP No. 71 in 2010 can be explained that much of a difference either in the name of the account and recognition in the financial statements of dr. H. Moh. Anwar Sumenep. In recognition of expenditure, dr. H. Moh. Anwar Sumenep still refers to the cash basis which recognizes the expenditure as incurred expenditure and switching ownership. This is not in accordance with the recognition of
expenditure on PP 71 of 2010 which states that the expenses are recognized at the time of incurrence of a liability, the consumption of an asset, or a decline in economic benefits or service potential and not when switching ownership. In Article 15 of Regulation 23 of 2005 on expenditure declared that BLU expenditure consists of the cost element that corresponds to the cost structure. BLU expenditure management held flexibly based on equality between the volume of service activities with the amount of expenditure. BLU expenditures reported as expenditures for goods and services in the state ministries / agencies / SKPD / local governments.

Besides the financial statements of dr. H.Moh. Anwar Sumenep still not applying the financial statements in accordance with the provisions issued by Regulation No. 64 in 2013 and the Regulation of the Finance Minister is referring to the PSAP PP 71 in 2010 and PSAK NO. 45 about the nonprofit entity, it is not in accordance with what has been decided by the Regent Decree No: 118/459/435 013/2011 Date of December 28, 2011 but on the other side dr. H. Moh. Anwar Sumenep as regional work units implements the Financial Management Pattern of Regional Public Service Board (PPK-BLUD), meaning that in dr. H. Moh. Anwar Sumenep as already BLUD full official status. It is also pointed out by Yanuar Adiputra., SE.M.Akas the accounting on dr. H. Moh. Anwar Sumenep:

“In prepare the Financial Statements in accordance SAP PP 24 of 2005 concerning the Government Accounting Standards, dr.H. Moh.Anwar Sumenep have done the preparation of financial statements properly and audited by BPK annually. Appropriate preparation in accordance with GAAP-ETAP, is still in the drafting process. In arranging Regulations, Systems and Accounting Policy, dr.H. Moh.Anwar Sumenep in collaboration with a team of representatives BPKP East Java and public accounting firms that is Drs. Thomas, Blasius. Widartooyo & Partners Surabaya”

5. About Constraints there is the application of PP NO. 71 2010 and PSAK No. 45 revised in 2011

Dr. H. Moh. Anwar Sumenep have been preparing the financial statements are: the realization of the budget report, cash flow statement, statement of financial position / balance sheet and notes to the financial statements, but in preparation and admission to the hospital still makes financial statements in accordance with Regulation No. 24 in 2005 and the financial statements in accordance with PSAK No. 45 have not implemented at all, this is because:

1. Public Service Board (BLUD) has applied in dr. H. Moh. Anwar Sumenep since the beginning of 2012, it became its own difficulties due to the different financial management Hospital with before becoming BLUD.

2. BLUD financial statements should be guided by the IAS to audit the interests of stakeholders and consolidated to the budget by making reference to the PSAP PP and 71 in 2010, so at the end of the semester and annual hospital must have and make two types financial statements, namely:

   a. Financial statements in accordance with GAAP for the benefit of stakeholders / users, and

   b. Financial statements according to the PSAP for consolidated.

Then it becomes complicated for the financial part, because they have made the two types of financial statements at the end of each semester and yearly with different reference. There was also a lack of facilities and infrastructure constraints, underdeveloped information and knowledge of human resources is still low, a major factor in the difficulty in making two types financial statements annually.
• Recognition of revenue and expenses by using two basic methods: cash and accrual basic, but it is still in the process towards full accrual basis.

5- CONCLUSION

Based on the research and analysis of existing data, it can be concluded as follows:


2. The constraints faced by dr. H. Moh. Anwar Sumenep in implementing the Regulation 71 of 2010, among others, information systems, facilities, infrastructure and human resources are still limited.

3. dr. H. Moh. Anwar sumenep also still apply IAS 45 on its financial statements in accordance of the PMK No. 78 of 2008 on Accounting and Financial Reporting Guidelines BLU.

Suggestion

1. dr. H. Moh. Anwar Sumenep not yet fully apply the accrual basis, as shopping / load still use cash basis. Cash basis was applied due to the lack of adequate systems and human resources. Therefore, management should immediately make the system of shopping / burden by an accrual basis.

2. Parties dr. H. Moh. Anwar Sumenep should make corrections to the hospital facilities and infrastructure in order to implement P SAP No. 71 in 2010. In addition to infrastructure, the ability of staff also needs to be improved. Particularly the Finance and Accounting Section staff must often participate in trainings on the application of the accrual basis PSAP, those trainings are useful to develop the science and knowledge about how to arrange a right and up to date financial statements and financial reports.

3. In addition to the financial statements of dr. H. Moh. Anwar Sumenep required pursuant to Regulation No. 71 of 2010 and Regulation No. 64 of 2013 on Accounting Guideline BLUD, the hospital also must implement and make the two types of financial statements in accordance with the provisions made by PMK No. 78 in 2008 and corresponding SAP for consolidation in accordance with SAK although PSAK No. 45 revised 2011 for audit purposes, so the hospital's financial statements more easily understand by the users and communities in need.
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Nurul Jahrah. 2014. *Analysis of Implementation Management pattern Public Service Agency at the Regional Hospital Kalisat muddy*. University of Jember.


*Government Regulation No. 71 Year 2010 Concerning Accounting Standards*

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- limited use of abbreviations to improve ease of reading, appropriate references (see below) to the literature on the subject to support facts, assertions and opinions; all quotations should be fully referenced;
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References in the text to books, articles etc. should include the authors' names, the year of publication, and the specific page numbers if direct quotations are provided (e.g., Mickey & Donald, 1968, p.24). For more than two authors, the citation should be abbreviated as follows: (Kramdon and others, 1988, p.1). Multiple citations of the same author(s) in the same year should be distinguished in the text (and in the bibliography) by a, b, c, etc. following the year of publication. Latin terms, for example, et al, ibid or op cit should be avoided.

Bibliography

A bibliography should be included at the end of the text containing details of all books, articles papers, etc. which have been referenced in the text. The bibliography should only include references cited in the text. These should be arranged in alphabetical order according to the surname of the first author. The following details should be included: author and initials, full title and subtitle, place of publication, publisher, date, and page references (for direct quotations). References to journal articles must include the volume and number of the journal.

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- articles:


- books:

- citations from edited books:


- translated books


- reference to a report.


- references to material on the Internet


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These should all be called figures, numbered consecutively in arabic numerals, with a brief title in capitals, labeled, axes, etc. The text should indicate where the figure is to appear.

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Please contact the editor, Hassan Ouda - icgfm.ijeditor@icgfm.org - if you would like to discuss the role of the editorial board and any input you could provide.

Invitation aux Auteurs Potentiels

Le Journal International sur La Gestion des Finances Publiques [International Journal on Governmental Financial Management (IJGFM)] organise un forum pour les praticiens, les universitaires et le public général pour discuter des différentes disciplines impliquées dans la gestion des finances publiques. Ces disciplines comprennent la comptabilité, l’audit, la budgétisation, la gestion des dettes, la technologie de l’information, la fiscalité et la gestion de la trésorerie.

Nous aimerions être en mesure de publier des articles et des commentaires qui vont :

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- contribuer à la promotion des principes et normes de la gestion des finances publiques, en particulier par le biais de la description des bonnes pratiques existantes
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- assister les gestionnaires financiers du secteur public à identifier leurs propres solutions aux défis courants.

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- identifiquen problemas o debilidades a través de una crítica de las opiniones actualmente dominantes sobre las reformas de la gestión financiera en el sector público; y
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Bibliografía

Debe incluirse una bibliografía al final del texto con los detalles de todos los libros, artículos y otros trabajos que hayan sido referenciados en el texto. Estos deben ser puestos en orden alfabético de acuerdo al apellido (patronímico) del primer autor. Deben incluirse los siguientes detalles: nombre (apellido, nombre de pila e/o iniciales), título y subtítulo completos, lugar de publicación, editora, fecha y referencias a páginas (para citaciones específicas) Las referencias a artículos de revistas deben incluir el volumen y el número de la revista.

Donde sea posible, los detalles de la dirección electrónica deber incluirse para materiales disponibles en el Internet. En este caso, la fecha de consulta del material debe ser indicada.

La presentación de las referencias debe seguir la siguiente convención:

1. artículos:


2. libros:


3. citas de libros compilados:


4. libros traducidos:

5. referencia a un informe:

6. referencias a material del Internet:


**Cuadros, diagramas, figuras e tablas**

Todos estos deben denominarse “figuras” y ser numerados consecutivamente en números arábigos con un breve título en letra mayúscula, con etiquetas, etc. El texto debe indicar donde aparece la figura.
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Nos complacería también recibir correspondencia de otros que estén dispuestos a ayudar con el trabajo editorial de la Revista. El trabajo consistiría en revisar potenciales contribuciones, indicando si deben ser aceptadas para publicación y haciendo recomendaciones editoriales para mejorar la calidad de los materiales enviados.

Tenga la bondad de contactar al redactor, Hassan Ouda - icgfm.ijeditor@icgfm.org – si le gustaría comentar sobre el papel de la junta editorial y cualesquier sugerencias que usted pudiera ofrecer.