
Introduction: Public sector accounting, IPSAS and performance management

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The current international accounting harmonisation movement has extended to the public sector where more and more countries have already been or are going to be involved in the reform of their accounting system, based on the adoption of accrual accounting. This reform trend participates in a more global public sector reform, marked by the introduction of new public management.

Parallel to this movement, based on the idea that high quality standards are necessary to enhance consistent financial reporting, the International Public Sector Accounting Standards Board (IPSASB), the international standard-setter of public accounting, engages in the development of international public sector accounting

standards (IPSASs). This development constitutes a further step in the direction of the international convergence of financial reporting systems.

However, neither the will to reform nor the development of a set of international accounting standards are sufficient to reach a quick, smooth, and relevant change. Moreover, if the final aim to apply accrual accounting is globally supported by all countries, the path taken to reach this status largely differs from one country to another. If some countries have already adopted accrual accounting, a large number are applying a modified accrual basis system or a modified cash-basis system, while others are just trying to consolidate their current cash-basis accounting system. Whatever the case, the political, technical and conceptual questions are seemingly numerous, making the reform a slow and difficult project.

Furthermore, although the IPSASB proudly considers that more than 70 countries and supranational organisations have so far adopted, are planning to implement IPSASs, or are developing accounting standards inspired by them, only a few countries and some international organisations have actually engaged in the application of IPSASs *stricto sensu*. The others have either opted to consult the IPSASs before developing their own standards or chosen to go with IFRS.

This situation raises important questions, both for academics and practitioners. The articles included in this special issue on IPSASs present some of these questions.

Laura Sour presents the governmental accounting reform in progress in Mexico. Based on the adoption of an accrual accounting system, one major aim of this reform is to achieve the harmonisation of the accounting information generated by the three levels of government. Another objective of this reform is the production of comparable financial statements in order to evaluate and compare governments' performance. To reach a sufficient level of comparability, transparency and accountability, the author argues that the adoption of IPSASs in Mexico could help to achieve these goals. Thus, the study emphasises the level of public accounting harmonisation in this country considering IPSAS 1, 2 and 17 as references, and using the Herfindahl index. This article adds to the ever increasing number of examples demonstrating the growing importance of IPSASs' role for countries which plan to modernise their accounting standards and practices. Even though IPSASs standards are not obligatory, they are currently considered as the reference.

This study stresses that while some Mexican local authorities have already implemented practices similar to the IPSAS 1, 2 and 17 recommendations, the majority are still waiting for more pressure from the national accounting harmonisation council in charge of coordinating the reform, before beginning the change. This study also highlights the major conceptual, technical and political questions that are at stake in this country.

Seemingly, the public accounting reform clearly is a multi-path project, which combines political aspects, technical problems and conceptual questions. What an impact the reform will really have remains open to discussion.

Gorana Roje, Vesna Vašiček and Mirjana Hladika discuss the Croatian case. The Croatian national government has adopted an accounting system based on modified accrual accounting as a gradual transition from a cash basis to accruals. As these authors explain, although the use of IPSASs is not mandatory, they have been used as a guideline by certain Croatian regulations. Thus, this study emphasises the similarities and differences of the Croatian accounting system compared to IPSAS 6, 22 and 24 and goes on to question two important topics: the transition from a modified accrual to a full

accrual accounting system (financial statements and budget documents are presented in accrual) and the harmonisation of statistical accounting (Government Finance Statistics) and governmental accounting.

Pawan Adhikari, Konstantin Timoshenko and Levi Gårseth-Nesbakk have realised a comparative study of accounting developments in three countries which embarked on the same reform trend at the same period of time. Based on the institutional theory literature, the aim of this study is to unravel how variations in institutional contexts impacted on the countries' policy making approaches by analysing accounting reforms between one of the richest nations on earth (Norway), one of the poorest and most isolated (Nepal), and one of the world's growing superpowers (Russia).

The authors highlight the way that accounting change seems to depend on some kind of stability and appropriate mixture of the governments' reform ambitions and particular segments of their institutional environments. In other words, they did not identify one dominant institutional environment (or coherent normative voices, unified cases to mimic or similar coercive forces). On the contrary, there seems to be a variety of segmented institutional forces or environments. Countries appeared to be selective vis-à-vis such institutional clusters and the countries' policy making in this regard matched their current and prospective economic situation and reform ambitions (as well as reform traditions). When appropriate matches of the aforementioned aspects are found, more stable reforms or change directions are set in the countries. The study also adds understanding as to why countries still appear to be quite different and hence do not rely purely on IPSASs – but rather a set of diverse accounting solutions.

Daniele Alesani, Gwenda Jensen and Ileana Steccolini analysed the accounting reform at the World Food Programme (WFP) using Lüder's contingency model. The WFP is the first United Nations system organisation to have adopted IPSASs, moving from a modified cash-basis accounting system to full accruals.

The authors studied IPSAS adoption by the WFP, putting in evidence successively the external and internal stimuli, the implementation barriers, the political support the reform had, the reform drivers and the promoters of the reform, WFP's implementation strategy and finally the reform outcome.

This study contributes on the one hand, to a better understanding of the WFP's accounting system reform and on the other hand, to refine Lüder's contingency model by adapting its variables to the context of intergovernmental organisations, largely ignored by accounting researchers.

Torbjörn Tagesson and Giuseppe Grossi address the question of account consolidation in the public sector. Between the small number of countries in which consolidated financial statements are prepared and diffused by local governments, the Swedish case deserves attention. Based on the information diffused by Swedish local governments, the study emphasises how consolidated financial reporting affects the financial picture and the comparability of financial data between municipalities. The authors advocate the development of such practices, but they also question and discuss the theoretical perspectives to consolidation and definition of the reporting entity in the local public sector. More specifically, they investigate whether the definition of the reporting entity in the public sector has to be similar to that used by the private sector, or whether there are any other reliable alternatives. The recent publication of the IPSASB's position on this topic in the first step of its conceptual framework development reactivates this debate.

Last but not least, Lisa R. Parker and David R. Bean, both from the Governmental Accounting Standards Board (GASB), present the IPSASB project on reporting service performance information. After having presented the IPSASB research findings on reporting of service performance information around the world, they synthesised their personal position on this matter.

Clearly enough, this selection of articles for an IPSAS special issue could not cover all the issues currently facing the IPSASB or the countries which are reforming their accounting system. Many questions, inevitably, remain unanswered. Just to quote some of them: how can the IPSASB improve its institutional legitimacy? What can be said about the conceptual framework? What can we learn from the first IPSAS implementation experiences by governments?

Scholars and practitioners, thus, will certainly continue to focus on IPSASs in the next future. On our side, we hope that this special issue of *IJPSM* can offer fresh materials and contribute to the debate.