

## CONCEPT, REGULATIONS AND INSTITUTIONAL ISSUES OF IPSAS: A CRITICAL REVIEW

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### ABSTRACT

Globalization spawns a historical revolution and inevitably influences the accounting sector. As a result, harmonization of national accounting systems meets with success under globalization. Accounting methods of local public sectors cannot be unaffected and International Public Sector Accounting Standards (henceforth IPSAS) have been brought in for a global adoption. This study depicts the significant nature of IPSAS, their general characteristics and meaning of them. Moreover, cash-basis and accrual-basis standards will be pointed out. Furthermore, this study will refer to some conceptual issues about IPSAS, as a form of dispute to some of their ideas and goals.

**Keywords:** International Public Sector Accounting Standards, IPSAS, Government Accounting

**JEL classifications:** M40, M41, M48

## 1. Introduction

International Public Sector Accounting Standards (IPSAS), a "global revolution in government accounting" [Heald, 2003], refers to the recommendations made by the IPSAS Board under the auspices of the International Federation of Accountants. IPSAS have become *de facto* international benchmarks for evaluating government accounting practices worldwide, adopted by countries regardless of their political and economic systems.

In recent years, a lot of countries try to modernize their public sector management systems by changing their public sector accounting systems. In this procedure is of major importance the role of the International Public Sector Accounting Standards Board (IPSASB) which is supported by the International Federation of Accountants (IFAC). Since IPSAS are accepted from International Organizations and countries are encouraged to harmonize their national standards with them, IPSAS deserve the attention of accounting policy-makers, practitioners and scholars alike. (When individual or multiple standards are discussed, the phrase "IPSAS are" is used; when a whole set of standards is referred to, "IPSAS is" appears instead).

This article attempts to contribute to the literature review of IPSAS. Many researchers have made comparative studies in public sector accounting [Luder (1992, 1994, 1998, 2000), Budaus and Buchholtz (1996), Vela and Fuertes (2000), Brusca and Condor (2002), Benito et al. (2007), Christiaens et al. (2010), Grossi and Soverchia (2011), Adam et al. (2011), Ilie E. and Miose (2012)]. Other researchers focused on the diversity in the timing of the adoption process [Carlin (2005), Van Der Hoek (2005), Groot and Budding (2008)]. Influenced by the above papers, this study aims to shed a light on the "design" issues-problems of IPSAS.

In this paper, after introducing the notion of IPSAS, conceptual and institutional issues in setting IPSAS are examined. The conceptual issues are problem areas or debatable points on the substance of IPSAS. Institutional issues, on the other hand, relate to the governance and process of setting these standards.

## 2. The nature of ipsas

In order to familiarize the reader with IPSAS specific to the public sector, their characteristics and structure are introduced through information acquired from the IPSAS Board's website.

### 2.1. Ipsas

The "ipsas" refers to the norms for reporting government finance required or recommended by (1) international treaties, agreements, and contracts; and (2) international organizations of an official nature. There is a distinction between lower-case ipsas - international public sector accounting standards - and upper-case IPSAS, i.e. International Public Sector Accounting Standards. The first category includes, for example, the definitions of "deficit" and "debt" used in calculating the financial ratios under the Maastricht Treaty, and in meeting the conditionality requirements of the International Monetary Fund (IMF). The second category includes the government financial reporting requirements in the United Nations (UN) and European System of National Accounts (SNA), the IMF's Government Finance Statistics (GFS) and Fiscal Transparency (FT), the Organization for Economic Cooperation and Development (OECD) Budget Transparency projects.

### 2.2. General Characteristics

IPSAS is substantively the international adaptation of the Anglo-American model of government accounting. The similarity is so great that the United States and the advanced British Commonwealth countries - Australia, Canada, New Zealand, and the United Kingdom - are regarded as *de facto* adopters of

IPSAS. Despite their variations, governments in these countries issue financial statements established by their accrual accounting systems in accordance with standards set by boards largely independent of government authorities.

IPSAS are the government's edition of the International Financial Reporting Standards (IFRS), set by the International Accounting Standards Board (IASB). From the outset, convergence with IFRS has been the *modus operandi* of the IPSAS Board and its predecessor, the Public Sector Committee. In their view, unless there is a reason for differentiation, IFRS applies to government.

IPSAS are the professional version of laws and standards on government accounting and financial reporting. IPSAS are developed by experts appointed by a global federation of the accounting professional bodies in over 100 countries. Neither "ipsas" nor national laws and regulations can moderate or enforce IPSAS.

### 2.3. Scope

IPSAS address the rationale of financial measurement and financial reporting to the public. Specifically, they define the content of the so-called "general purpose financial statements" and related financial disclosures in a government's annual report. These financial statements consist of a statement of financial position and a statement of financial performance produced by an accrual financial accounting system, as well as a statement of cash flows produced by a cash accounting system. However, IPSAS do not deal with "special purpose reports" such as budget execution.

### 2.4. Premises

At first, there are so many common transactions in the private and public sectors that it is possible, and indeed preferable, to have one set of generally accepted accounting principles for both sectors. Most IPSAS can therefore be set by making modest changes to the standards promulgated by the International [Business] Accounting Standards Board (IASB). Additionally, the IPSAS Board would establish standards for transactions and events unique to the public sector.

Secondly, since business firms annually prepare consolidated financial statements under the accrual basis, governments should do the same. Consolidated financial statements cover a primary organization and its subsidiaries in which the primary organization has a majority ownership interest. The accrual basis used by business firms regards sale (not production) of goods and services as the criterion for judging financial performance.

Furthermore, accounting standards are more objective and of a higher quality if they are set by an expert, independent group. For the public sector, independence can be enhanced by giving the task to a private-sector body, an advisory board, or increase the number of public (non-government) members.

Finally, accounting standards should be produced through research and deliberation -a due process.

### 2.5. Structure

On the basis of underlying assumptions, the IPSAS Board and its predecessor have gone through two phases of standard setting. The first phase from 1996 to 2002 produced a score of standards by modifying the respective IFRS. Since 2002, the second phase has focused on public-sector specific issues. The board issued one comprehensive cash-basis general standard, presumably for developing countries, that are not ready to adopt the accrual basis. All the other IPSAS adhere to the accrual basis. General standards are listed ahead of specific standards, and the public-sector specific standards are noted in bold [Handbook of International Public Sector Accounting Pronouncements, IPSAS Board (2008)]:

### General Standards on Accounting Recognition and Measurement

There are only three standards in this category, namely:

- No.4: The effects of changes in foreign currency exchange rates
- No.9: Revenue from exchange transactions
- **No. 23: Revenue from non-exchange transactions (taxes and transfers)**

### General Standards on Reporting

There are eleven standards in this category, namely:

- No.1: Presentation of financial statements
- No.2: Cash flow statements
- No.3: Fundamental errors and changes in accounting policies
- No.6: Consolidated financial statements and accounting for controlled entities
- No.8: Interest in joint ventures
- No. 10: Financial reporting in hyperinflationary economies
- No. 14: Events after the reporting date
- No. 18: Segment reporting
- No. 20: Related party disclosures
- **No. 22: Disclosure about General Government Sector**
- **No. 24: Budget information**

### Standards on Specific Elements of Financial Statements

There are 13 standards in this category, namely:

- No.3: Net surplus or deficit for the period
- No.5: Borrowing costs
- No.7: Investments in associates
- No. 11: Construction contracts
- No. 12: Inventories
- No. 13: Leases
- No. 15: Financial instruments
- No. 16: Investment property
- No. 17: Property, plant, and equipment
- No. 19: Provisions, contingent liabilities and contingent assets
- **No. 21: Impairment of non-cash-generating assets**
- No. 25: Employee benefits
- No. 26: Impairment of cash-generating assets

### Exposure draft

As of early July 2008, two exposure drafts awaited public comment, namely:

- Service concession arrangements
- Social benefits: disclosure of cash transfers to individuals and households

### Current projects

At the same time, there were five current projects, namely:

- Conceptual framework for general purpose financial reports of public sector entities
- Review of cash-basis IPSAS
- Financial instruments
- Fiscal sustainability of government programs and their financing
- Heritage assets

In summary, a small number of public-sector specific standards are set, but more are in progress. There are many more standards on specific topics than on general criteria. Finally, the board recently initiated a project to articulate a formal conceptual framework on government financial reporting.

### *2.6. Standards Specific to the Public Sector*

There are currently four IPSAS specific to the public sector.

- **No. 21** on impairment of non-cash generating assets: These are fixed assets that do not produce commercial benefits. The standard requires the recognition of loss due to impairment, which is the decline in fair value beyond depreciation.
- **No. 22** on general government sector: This standard clarifies the differences in the reporting entities in financial reporting and statistical reporting. The General Government Sector (GGS) used in statistical reporting includes financial and non-financial public corporations. The standard calls for additional disclosures about GGS.
- **No. 23** on revenues from non-exchange transactions: This standard covers taxes and transfers, which refer to fines, donations and debt forgiveness. Revenues are increases in assets or decreases in liabilities. Revenue recognition depends on the taxable events that trigger potential resource inflows.
- **No. 24** on budget information disclosure: Disclosures are made outside of financial statements. This standard calls for the following disclosures: original and final budget with projected revenues and appropriations; actual amounts on the budgetary basis; an explanation of variances; as well as a reconciliation of accrual and budgetary bases.

Additional standards will likely to result from exposure drafts and current projects indicated earlier.

## **3. Conceptual issues**

**Conceptual issues**, in contrast to institutional or organizational issues, are debatable points about the standards themselves, including their underlying ideas. The conceptual issues include:

- i.** Neglect of system capability and internal accountability
- ii.** Setting standards before agreement on a conceptual framework
- iii.** Starting IPSAS with modified international business accounting standards
- iv.** Ambiguous stance on the basis of accounting
- v.** High aggregation level in financial reporting

Following, those issues are briefly discussed.

### *3.1. System Capability and Internal Accountability.*

System capability refers to the infrastructure for collecting, recording, and summarizing financial data. Consolidated financial statements on the accrual basis can be produced only by an accounting system with sophisticated features. These features include: (1) the accounting equation, assets = liabilities + net assets, as its conceptual foundation; (2) a detailed chart of accounts for the elements of the accounting equation, as well as revenues, expenses and changes in net assets; (3) a double-entry recording system; and (4) the ability to translate standards (such as IPSAS) into specific policies and procedures applicable to the organization concerned. These features have to be incorporated in the hardware and software of the accounting system, along with human resources and financial resources made possible by political support and managerial leadership. By assuming these prerequisites, the IPSAS seems to neglect the necessity of building system capability.

Reporting is a main function of a government's accounting system especially in form of annual financial reporting to the public. IPSAS regard the internal "special purpose reports" -such as reporting in response to

requests by department managers, political executives, and parliamentary committees or members- as outside of its scope.

In summary, IPSAS emphasizes a subset of the outputs of a government's accounting system, and pays little attention to its "through-puts" (operating procedures) and inputs. Officials responsible for designing and funding a government's accounting system, however, have to take a holistic and operational perspective.

### 3.2. Conceptual Framework

IPSAS still lack of guidance from a sound conceptual framework. A conceptual framework is expected to specify the objectives, scope, recognition criteria, definitions and qualitative characteristics of financial information, providing the basement and justification for standards. Up to this time, IPSAS are characterized by numerous detailed rules and only few general principles regarding financial statements. So, given the global reach of IPSAS, principles (see Exhibit 1) or principles-based standards might be more appropriate.

#### Exhibit 1 Minimal Government Accounting Principles

• Prepare and publish budgets, maintain complete financial records, provide full disclosures, and submit to independent audits.
• Monitor assets, liabilities, revenues, and expenses.
• Measure cash and other financial consequences of transactions and events.
• Assess government's financial condition and performance.
• Issue user-friendly financial reports periodically.

The conceptual framework that moulds from the IPSAS Board can not establish government accounting principles as a delicate balance between generality and specificity is required. Semantic frameworks have not been helpful in making *specific* accounting policy choices. The way forward, in the authors' opinion, is a commitment to an explicit theory of government accountability, so that accounting standards are derived from accountability requirements.

The conceptual foundation of corporate financial reporting is the theory of the firm that emphasizes managers as agents of the owners of the firm. On the other hand, government accounting needs a broader theory of accountability, which can be derived from Herbert Simon's organization theory (1945). When applied to the public sector, the substance of the theory states that a variety of stakeholders (see Exhibit 2) have a vested interest in a financially viable government. Their incentive to use a government's financial statements - a source of their common knowledge about the government comes from their desire to know the amount, timing and degrees of uncertainty of the benefits they expect to receive from government. General purpose financial reporting reduces the information asymmetries between the stakeholders and government officials in control of government financial accounting system.

## Exhibit 2: Government and Stakeholders

Stakeholders	Contributions Made	Benefits Expected
Voters	Government legitimacy	Public and private goods and services
Taxpayers, fee payers	Payments or promises to pay	Public and private goods and services
Grantors and donors	Financial resources	Services per terms of grants
Lenders and creditors	Financing including financial resources	Payment plus interest
Employees	Labor services	Compensation, retirement benefits
Contractors	Goods and services	Payments

### 3.3. Emulation of Business Accounting

Modern business financial accounting has influenced government accounting positively. There is a consolidated format of annual financial statements in order to cover the whole firm and to lessen information overload for users. In addition, a database of financial statements should show financial operation and performance, as well as cash flows. The balance sheet should have a broad measurement focus so that capital assets and long-term liabilities are reported. Accomplishments in terms of sales could be evaluated through the accrual basis. Finally, a neutral organization could set standards for the financial statements verified by independent auditors.

IFRS are necessitated by global capital markets and the operations of multinational corporations. However, it is not necessary for IPSAS to attach to the IFRS to the point that the so-called "core" set of initial IPSAS [Sutcliffe (2003)] amount to slightly modified IFRS. There are no comparable motivating forces for IPSAS. By imitating the IFRS, the Public Sector Committee (IPSAS Board's predecessor) spent resources over six valuable years and incurred considerable opportunity costs. It could have developed a set of accounting standards specifically to meet the common needs of international lenders and donors to governments. Or it could have spent the time addressing *public sector* issues. These public sector issues arise from some fundamental differences between government and businesses, such as those identified in Exhibit 3.

### Exhibit 3 Government and Business Characteristics

<b>Defining Characteristics</b>	<b>Government</b>	<b>Business</b>
<b>Driving force</b>	Power	Money
<b>Ultimate performance criterion</b>	Equity	Efficiency and economy
<b>Relation to law</b>	Has the authority to make and enforce laws	Can influence legislation but cannot legislate
<b>Standard of conduct</b>	Promotion of the public interest and general welfare	Promotion of self-interest
<b>Residual financial stakeholders</b>	Taxpayers	Stockholders
<b>Transactions</b>	Involuntary and non-reciprocal exchanges on the output side and some on the input side	Mostly voluntary and reciprocal exchanges on both the output and input sides
<b>Product</b>	Indivisible public goods for collective consumption	Divisible private goods for personal consumption
<b>Financing source</b>	Tax revenues	Sales revenue
<b>Assets</b>	Public property, including all non-private property within jurisdiction	Private property with ownership clearly defined by law
<b>Liabilities</b>	Broadly construed to promote general welfare	Narrowly construed to limit risk exposure

The "non-business" characteristics of government have a number of consequences for its accounting. The accounting equation - "assets - liabilities = residual equity" comply with the nature of business firms. Since a government can be viewed as a legal entity owning property and being held liable, the financial data of government are structured by the accounting equation. Even so, the residual equity or net assets of a government cannot be easily explained or interpreted. In addition, some government assets (e.g. heritage assets) are difficult to count with financial techniques developed for a market economy. Some potential government liabilities (e.g. social security) are difficult to define because of political and legal considerations. The indivisible nature of public goods makes it impossible to recognize tax revenues on the basis of services rendered or goods sold, i.e. the full accrual basis used by business firms. Instead, budget is the government's primary fiscal document since government benefits are distributed primarily through the budgetary process. The extent to which accounting (and accounting rules) should be independent of budgeting (and budgeting rules) is controversial. In any event, year-end financial reporting complements budgetary disclosures and is a component of fiscal transparency.

#### 3.4. Cash vs. Accrual Measurement

The IPSAS Board has demonstrated a debatable posture on the issue of cash basis vs. accrual basis of accounting without clarifying the relationship between accrual basis and accrual accounting. Regarding its commitment to accrual, the IPSAS Board has sent perplexed signals. It evidently favors the accrual basis, issuing *all* its standards under that basis, except one comprehensive cash-basis standard. That standard is justified on the basis of the time and effort required for some governments to transition to accrual. However, the board could affirm accrual *in principle*, leaving each country to implement the principle to the extent possible. It is disadvantageous to the board's overall posture of promoting accrual by creating the impression

that both cash and accrual are equally acceptable bases in adopting and implementing IPSAS.

The mixed signal regarding accrual may have to be clarified by differentiating three contexts for accrual: the accrual basis of revenue recognition, accrual accounting, and accrual-based financial statements. The IPSAS Board has not articulated a clear alternative to full accrual of revenue recognition in business. As explained earlier, it is not feasible for governmental activities that produce collective services to use service results or accomplishments as the basis for recognizing tax revenues. IPSAS No. 23 provided the board with an opportunity to state an alternative to the business-type accrual basis. However, even though the board properly traced tax revenue recognition to taxable events, it fell short of explicitly identifying the government's assertion of a claim as the basis of recognizing such revenues and related receivables. Accrual accounting is much broader than the accrual basis of accounting. Governments can still practice accrual accounting without the full accrual basis of revenue recognition, because revenue is an increase in net assets, and the amount of net assets depends on the criteria used in recognizing some resources as assets and some obligations as liabilities. A wider range of assets and liabilities could be reported on the balance sheet with higher degrees of accrual. The amounts of net assets measure liquidity and solvency. Revenues and expenses are increases and decreases, respectively, in net assets (Exhibit 4).

Exhibit 4 Degrees of Accrual

<b>Degree</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Net Assets</b>
Mild accrual	Current financial resources	Current liabilities	Liquidity
Moderate Accrual	Current and long-term financial resources	Current and long-term liabilities	Financial solvency
Strong accrual	Financial and non-financial(capital) resources	Current and long-term liabilities	Economic solvency

The "degrees of accrual" concept contrasts sharply with the dichotomous approach implicit in IPSAS and understates the elasticity of accrual. Since fundamentally assets are property rights and liabilities are obligations, this "rights and obligations" version of accrual is the public-sector counterpart to the service effort and accomplishment (SEA) based accrual used by businesses.

We have moved from "accrual basis of accounting" to "accrual accounting." Accrual accounting refers to accounting that emphasizes the balance sheet which reports the *cumulative* consequences of past transactions and events. Data from the accrual accounting system can be used to prepare accrual-based financial statements, namely the statements of financial position and financial performance. The practical implication of this clarification of accrual is that transition to accrual includes three phases: (1) recognizing the government's receivables from taxation and other non-exchange transactions; (2) gradually building up the capacity of accounting system to capture a larger portfolio of assets and liabilities; and finally (3) preparing the accrual-based financial statements.

### 3.5. Level of Aggregation

IPSAS favors presenting financial statements in a consolidated format so as for the requiring financial statements to be prepared under an ambiguous accrual basis. This presentation format, however, raises two dubious issues: What does a government consist of? And should the government as a reporting entity be presented as a whole in one column of figures?

IPSAS No. 22 proves the complex nature of defining the boundary of government. The standard seeks to clarify the relationship between (a) government as an entity for which financial statements are prepared and (b) the general government sector for which government finance statistics are reported. While all governments shall certain essential attributes, different political and economic systems have diverse institutional arrangements. Corporate-type consolidation probably would always overstate the extent of

central control in government with the exception of a great power concentration.

Having one column for the "whole government" is that this format cannot ensure clear internal borrowing and transfer of funds. What consolidation reveals may be interesting, but what it conceals is vital. For example, the general fund of the U.S. Government has repeatedly borrowed billions of dollars from the Social Security fund; this fact is reported, but only in an obscure note following the financial statements as there is little prospect of repaying it with interest.

Having separate columns organized by principal types of activities - governmental, business-type and fiduciary - and a total for the whole government could be a way of operation. The government-wide total may have to be augmented by another column displaying legally independent units with significant financial interdependency with the government. The general point is that the accounting system has to maintain data at a sufficiently disaggregated level to permit ways of presenting the government.

#### **4. Institutional issues**

IPSAS is a venturesome enterprise in several aspects. At first, it intends to transcend national jurisdictions, ignoring or overlooking the national diversity in political, cultural, traditional, legal and economic sectors. Furthermore, it elevates professional despotism above governmental authority while it expects the Anglo-American model of government accounting to have global appeal. There are important issues awaiting resolution. Even in the absence of the conceptual challenges, some legitimate institutional issues about the standard-setting structure and its oversight still remain.

##### *4.1. Standard-setting Structure*

The IPSAS Board is a senior technical committee of the International Federation of Accountants (IFAC). IFAC is composed of 157 national associations of professional accountants in 123 nations. The governing board of IFAC nominates the IPSAS Board members, all serving on a part-time, non-salary basis. Currently the IPSAS Board has 15 members assigned by national bodies, and 3 public members.

A broadly-based Consultative Group supports the IPSAS Board on technical matters. The International Monetary Fund, The World Bank, the United Nations Development Program, and the Asian Development Bank have provided financial support. On the other hand, International Organization of Supreme Audit Institutions, the Organization for Economic Cooperation and Development, International Accounting Standards Board, and the European Commission have not provided financial support.

The current size and composition of the IPSAS Board reflects a delicate balance of considerations. Representation is one of them: the cost, the number of members, the attributes of representativeness, or even the appropriate weight of each attribute.

Judging from the roster of IPSAS board membership over the years, the distribution of seats seems to reflect these attributes:

- nominees of national accounting/auditing bodies, and "public" members
- the countries whose practices are (likely to be) embodied in IPSAS, and other countries
- developed nations, and developing nations
- democracies, and other political systems
- professional experience in government or in the private sector
- different regions of the world

Similar attributes may be used to describe the Consultative Group. The expectation is that individuals possessing one or more of these attributes would give IPSAS the proper shape. The ultimate dilemma is this: the greater the diversity of participants, the less coherent their work products are likely to be.

## 4.2. Oversight Structure

Formally, the IFAC has been the sole oversight body for the IPSAS Board (since 2004) and the PSC (from 1986 to 2004). Apart from IFAC, additional sources of institutional accountability, if not oversight as such, are the organizations that provide funding and donated services for the operation of the IPSAS Board. Even though the production of IPSAS continues, its adoption and implementation which is supported by IFCA has emerged as a relevant issue for all concerned. If so, a pluralistic oversight mechanism merits consideration as such, a mechanism should include government finance officers and government auditors.

In all countries, chief financial officers and possibly even the legislature, modulate changes to government accounting systems. Approval may take the form of administrative rule or legislation while budgetary support to implement IPSAS is the most tangible form of endorsement. International organizations of legislators, finance ministers, budget directors' participation in an oversight body for IPSAS would be conducive to the implementation of IPSAS.

In many countries, private-sector auditors, especially those issued by the central government, are not authorized to audit government financial statements. Supreme audit institutions, as well as their offices or counterparts in lower levels of government, have the mandate to perform government audit, or contract out audit services. Currently, IPSAS Board meetings are under the observation of the INTOSAI (International Organization of Supreme Audit Institutions), whose willingness to recommend IPSAS to the auditors general of its member states would be a major vote of confidence.

It has been said that wars are too important to be left to generals. If so, government accounting may be too important to be left to accountants. For those who fear the "politicization" of accounting, politics is the way government operates. IPSAS represents accounting *for* government. However, accounting *by* government is still the way of accounting *of* government is carried out.

## 5. Conclusion

Accounting standards such as IPSAS are similar to the conceptual design for a building. The system is designed and tested in compliance with specific laws, codes and principles, safety is ensured, financing and approval is secured, and the work is done and redone as necessary. Standard setting is only a preliminary step in the long process of reforming accounting in one government. The process is repeated for all the governments in a country, and for all governments around the world.

However, one may raise questions about the feasibility and desirability of having such a code. Is there enough reliable knowledge that enables us to confidently specify the requirements for all governments? Comparative international government accounting (CIGAR) is still in its early stage of development. Given the inadequate knowledge base, prescribing a set of uniform accounting requirements for all governments given their diverse environments requires a leap of faith.

This paper has identified the "design" issues of IPSAS -for example, who should be on the design team, and who else should be recruited to participate in the marketing and implementation - to be resolved, while the conceptual sketch or blue print is on the drawing board. Judging from the information available from the IPSAS Board, the process of adopting and implementing IPSAS has already begun.

Many revolutions were started with high ideals and an incomplete conceptual design. Most failed because the revolutionaries ignored local conditions, or did not have the patience to prepare a blueprint on how to govern a country afterwards. It remains to be seen whether this global revolution in government accounting is premature. The hopes are high, but the risks may be higher.

In any case, further research is needed on the diversity and the differences between accounting standards of public and private sector, focusing on the private sector's accounting techniques that are most suitable for use in the public sector.

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