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Three-dimensional public accounting: a commitment to budgetary and accounting reform in Algeria

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Abstract:
This study aims to examine the trends in reforming Algeria's public accounting system under Law No. 23-07, with a particular focus on the three-dimensional accounting framework comprising general, budgetary, and cost accounting. The study adopts a qualitative analytical approach, based on a review of legal texts, institutional frameworks, and comparative international experiences in IPSAS implementation. The findings reveal that Algeria's budgetary reform, under Organic Law 18-15, aligns with global shifts from cash-based to accrual-based accounting, and demonstrates a commitment to activating cost analysis in accordance with IPSAS standards. However, the study identifies persistent challenges, including administrative capacity gaps, institutional resistance, and insufficient information systems. The study recommends a gradual, participatory implementation strategy, supported by continuous training, technological upgrading, and regular evaluation, while drawing lessons from successful international experiences tailored to national specificities.

Keywords: budgetary reform, accounting reform, public accounting, IPSAS, Algeria.
Jel Classification Codes: H83, H61, M41

الملخص:
تهدف هذه الدراسة إلى فحص توجهات إصلاح نظام المحاسبة العامة في الجزائر بموجب القانون رقم 23-07، مع التركيز بشكل خاص على الإطار المحاسبي ثلاثي الأبعاد الذي يتضمن المحاسبة العامة، المحاسبة الميزانية ومحاسبة التكاليف .
تتبنى الدراسة منهجًا تحليليًا وصفياً يستند إلى مراجعة النصوص القانونية والأطر المؤسسية والتجارب الدولية المقارنة في تنفيذ المعايير المحاسبية الدولية في القطاع العام(IPSAS) ، وتكشف النتائج أن الإصلاح الميزانياتي في الجزائر بموجب القانون العضوي 18-15 يتماشى مع التحولات العالمية من المحاسبة على الأساس النقدي إلى المحاسبة على أساس الاستحقاق، وتظهر التزامًا بتفعيل تحليل التكاليف وفقًا لمعايير IPSAS ، ومع ذلك تحدد الدراسة التحديات المستمرة بما في ذلك فجوات القدرة الإدارية، المقاومة المؤسسية وضعف نظم المعلومات، وتوصي الدراسة باستراتيجية تنفيذ تدريجية تشاركية مدعومة بالتدريب المستمر والتحديث التكنولوجي والتقييم المنتظم، مع الاستفادة من دروس التجارب الدولية الناجحة مع احترام الخصوصيات الوطنية.

الكلمات المفتاحية: الإصلاح الميزانياتي، الإصلاح المحاسبي، المحاسبة العامة، المعايير المحاسبية الدولية في القطاع العام ، الجزائر.
تصنيفات جال: H83؛ H61؛ M41

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Introduction :

Algeria has embarked on a reform of its budgetary system to remedy deficiencies in its legal and accounting frameworks, in line with developments in public finance at the international level. This reform seeks to keep pace with new developments in government functions, the expansion of public sector activities, and the resulting substantial increase and diversification of public expenditures, as well as the broadening of revenues and their sources.

In this context, the reform process was initiated with the promulgation of Organic Law [18-15] pertaining to finance laws which addresses two central pillars of public finance in Algeria.

The first pillar concerns the reform of the budgetary system through the transition from input-based budgeting to program budgeting, while the second pillar relates to the reform of the public accounting system by moving from the cash basis to the accrual basis

To implement the new accounting basis adopted by Organic Law 18-15 (Articles 65 to 68), which is based on the principle of recognizing rights and obligations, Law 23-07 pertaining to the rules of public accounting and financial management was issued.

This law introduced legal and accounting reforms aimed at establishing an appropriate legal and accounting framework for applying the accrual principle in the field of public accounting. Subsequently, it was followed by regulatory texts, including Executive decree 24-90, which specifies the content and modalities of implementing public accounting.

Three-dimensional public accounting is represented as follows:

Budgetary accounting: specialises in recording public revenues and expenditures related to the state's annual budget.

Public accounting: aims to provide a comprehensive and accurate picture of the assets, liabilities, and financial position of the state and public bodies.
Cost accounting: focuses on evaluating the cost of operations and public services, which helps in making decisions related to rationalising spending and improving performance efficiency.

To study the reforms introduced to the public accounting system under the provisions of Law 23-07, the following issue must be raised:

Is three-dimensional public accounting a consecration of budgetary and accounting reform in Algeria?

Based on this main research question, the following sub-questions can be posed:

- What are the reasons driving accounting reform in Algeria?
- What are the aspects of accounting reform introduced by Law No. 23/07?
- Does public accounting reform constitute a consolidation of budgetary reform in Algeria?

Study hypotheses:

In light of the previous issue, we have decided to formulate the following hypotheses:

The first hypothesis: There is a correlation between the objectives of accounting reform and the objectives of budget reform.

The second hypothesis: Transitioning to the accrual basis, establishing unified accounting rules, and enhancing financial management, which supports alignment with budgetary reforms.

Hypothesis three: The three-dimensional public accounting introduced by the accounting reform enhances the effectiveness of the budgetary reform by providing accurate accounting data that contribute to more efficient and transparent financial management.

Importance of the Study:

The significance of this topic derives from the pivotal role of public accounting in financial management and in the execution of the public budget, which highlights the close interconnection between accounting reform and budgetary reform, as well as the need to align both with the transition from input-based management to results-based management.

Objectives of the Study:

This research aims to:

- Examine the underlying reasons driving accounting reform in Algeria.
- Highlight the importance of accounting reform through the adoption of accrual basis accounting instead of cash basis accounting.
- Present the accounting reforms introduced by Law No. 23/07 and their alignment with the budgetary reforms stipulated in Organic Law No. 18/15.

Research Methodology and Tools:

To address the research problem and achieve the intended objectives, a combination of descriptive and analytical approaches was employed to diagnose and analyze the content of budgetary and accounting reforms in Algeria.

Regarding the research tools, they primarily consist of selected Arabic and foreign specialized references in this field, including books, university theses, journals and periodicals, scientific conferences, and seminars.

Given that public accounting and budgeting are concepts of a legal nature subject to numerous directly and indirectly related regulatory texts, reliance was placed on Organic Law No. 18-15 relating to Finance Laws, Law No. 23/07 on the Rules of Public Accounting and Financial management, as well as certain regulatory texts and publications from the Ministry of Finance closely related to the study's subject matter.

Previous studies:

Public accounting in Algeria is considered one of the branches of accounting from a technical perspective and one of the branches of laws and regulations from a legal perspective. Therefore, in recent years, it has taken up a significant portion of research topics in both aspects within the framework of reform and in line with global reform according to the International Public Sector Accounting Standards (IPSAS).

Many researchers have called for the importance and necessity of reforming public accounting to align with IPSAS standards:

The study of **Emmanuel Osei-Dwomoh, Hope Amenyah, Gabriel Osei Forkuo et al. (2026) Accountability through Accrual: Practitioner Evidence on International Public Sector Accounting Standards Implementation and Public Financial Management Reforms in Ghana**, indicated that the adoption of International Public Sector Accounting Standards (IPSAS) is a central component of Public Financial Management (PFM) reform agendas across sub-Saharan Africa. While Ghana has invested significantly in PFM infrastructure, empirical evidence on practitioner-level implementation experiences remains limited. This study examines the awareness, perceived benefits, implementation challenges, and long-term outlook of IPSAS adoption among public sector practitioners in Ghana

The findings suggest that Ghanaian practitioners hold highly favourable views toward IPSAS, with implementation gaps driven by structural and systemic constraints rather than individual resistance. These results carry important implications for policymakers and international development partners seeking to accelerate the transition to accrual-basis accounting in low- and middle-income country contexts.

The study of **Maayah, E. I., Abu Aqoula, B. M. A., & Barhoom, F. N. (2025). The role of IPSAS in enhancing transparency and accountability in the public sector of Jordan: A literature review.** provides a comprehensive literature review on the adoption of International Public Sector Accounting Standards (IPSAS) and its impact on financial transparency and accountability in the Jordanian public sector. By analyzing existing research, the study identifies key themes, challenges, and best practices related to IPSAS implementation across different countries. The review highlights significant benefits, including improved financial reporting, enhanced comparability, and increased public trust. However, it also reveals challenges such as

resistance to change, lack of technical expertise, and financial constraints. The findings suggest that successful IPSAS adoption requires strong institutional commitment, continuous training, and supportive regulatory frameworks.

A study by **Youcef Essaidi, A. (2022). The reality of the public accounting system in Algeria and development mechanisms according to IPSAS requirements.** indicated the necessity of updating the public accounting system in Algeria, highlighting flaws in the current public accounting system in Algeria. It concluded that modernising the public accounting system in Algeria would help measure the efficiency and effectiveness of managing the state's financial resources. Additionally, Algeria's move towards adopting international accounting standards in the public sector is due to the current accounting system's inability to provide transparent information.

The study **Chakhab , H., & Moudjari, R. (2022). Adapting public accounting techniques to budgetary reform in Algeria.** aimed to clarify the Algerian legislator's perspective on adapting the accounting organization included in the draft reform of the public accounting law with the budgetary reform of Organic Law No. 18-15 dated September 2, 2018, related to financial laws. It concluded that accounting techniques align with the budgetary reform as they provide an accounting organization that offers all the information directed to the state budget.

We also find that the academic paper by **Fatiha, B., & Abdelhamid, h. (2021). Modernising the Public Accounting System in Algeria According to International Public Sector Accounting Standards (IPSAS): Efforts and Challenges** aimed to identify the extent to which a suitable environment can be provided to adapt to international public sector accounting standards through the motivations that led to the modernisation of the public accounting system, in addition to the efforts represented in the most important arrangements for implementing this reform, especially concerning the legal, legislative, and regulatory framework. It was concluded that this project is still under study and development due to several difficulties faced during implementation, as the entry into force of the new accounting plan requires, first and foremost, the final implementation of the project to restructure public expenditure execution procedures, which allows for the accounting recording of established rights related to expenditures in real-time for commitment.

After reviewing the previous literature, we conclude that the studies have reached the necessity and importance of adopting the reform and its requirements and conditions, along with providing future recommendations within the framework of foresight.

The added value of our research topic is that it addresses the results of implementing this reform and the developments introduced to the public accounting system, particularly the three-dimensional public accounting, which includes general accounting, budgetary accounting, and cost analysis accounting.

I. Rationales and Objectives of Accounting Reform in Algeria:

The reform of public accounting in Algeria, which falls within the framework of modernizing the public finance system, aims to align with international standards. This reform involves transitioning from a cash-based accounting system to an accrual-based accounting system, contributing to rational and effective management of public entities.

I.1. Rationales for Accounting Reform in Algeria:

There are several reasons that prompted Algeria's public authorities to reshape public accounting law in alignment with the country's financial and economic reforms, as well as the International Public Sector Accounting Standards (IPSAS). Among the most important of these reasons and drivers, we mention:

- The accounting system is marred by several distortions;
- Shortcomings of the accounting system in providing a true and fair view of the state's financial position;
- An accounting system based on the cash basis;

- Recording accounting information according to the single-entry principle, which resulted in difficulties in aggregating and consolidating various accounting information;
- Lack of information allowing for analysis and performance evaluation, as well as comparison between actual results and planned objectives;
- Failure to provide suitable information when needed for decision-making;
- Lack of contribution to calculating the cost of activities or services, as well as evaluating their efficiency.

Moreover, developments in the business environment have highlighted deficiencies in the public accounting system across several aspects, some of which we mention:

-Limitations of the Traditional Public Accounting System: the public accounting recording process focused solely on revenue collection and cash-based expenditure execution, neglecting key assets such as real estate, movables, state rights, and debts owed by third parties, which were tracked outside the accounting framework, leading to mismanagement of state balance sheet elements.

-The treasury accounts numbering system followed a linear sequential approach that unbalanced the chart of accounts, resulting in numerous accounts with similar titles, complicating the accountant's task of matching accounts to financial transactions, especially amid new state activities.

-Aggregating accounting information lacked alignment with modern techniques requiring automated systems for data centralization from various recording centers, causing delays in information availability and decision-making.

I.2. Objectives of the reform of public accounting in Algeria

The reform of public accounting in Algeria aimed to:

- Achieve the transition from cash-based accounting to accrual-based accounting.
- Develop a chart of accounts aligned with international public sector accounting standards (IPSAS).
- Prepare the functional texts for the accounting and budget information system.
- Adapt the Algerian accounting reality in the field of public accounting to international public sector accounting standards.
- Provide information to users and present it in financial statements with transparency, reliability, and comparability.
- Keep pace with the changes and economic reforms undertaken by public authorities in Algeria.

Table (1): A table illustrating the public accounting system in Algeria and the impact of the new reforms:

The resulting effects	Description	Element
Increasing efficiency and transparency	introducing new systems such as general and analytical accounting	Improving the Accounting Function
Accuracy in recording financial transactions	Transition from cash accounting to accrual accounting	Convert to committed rights accounting
Improving decision-making	Providing accurate and transparent information about revenues and expenses	Improving the quality of financial information
Clarity in responsibilities	Clarity of roles between those ordering expenditures and public accountants	Defining roles and responsibilities

Effective performance evaluation	Calculating the costs of services and completed activities	Cost and Outcome Analysis
Compliance with international standards	Compliance with the provisions of the Organic Law 18- 15 And Law 23-07	Legal obligation
Better financial oversight	Improving financial operations through auditing and control	Facilitating auditing and monitoring
A more detailed analysis of the economy	Linking financial operations to national accounts	Economic analysis

Source: Prepared by the researchers based: Koudjil, A. (2024). The Role of Public Sector Accounting Reform in Accordance with International Public Sector Accounting Standards (IPSAS) in Enhancing Public Budget Efficiency: A Case Study. Algerian Journal of Public Finance, 1

Organic Law No. 18-15, relating to finance laws, introduced new concepts from budgetary system development to enhance budgetary strategy transparency, as part of the Ministry of Finance's efforts to modernize public finance.

This reform incorporates principles of traditional financial operations management and state accounting, such as separation between the spending officer and the public accountant, marking a decisive step in updating tools for executing finance law provisions.

It ensures principles governing revenue and expenditure accounting, alongside roles of actors in budget execution and financial operations of the state and other public entities.

The reform aims to transition from cash-basis to accrual-basis accounting, inspired by International Public Sector Accounting Standards (IPSAS), enabling financial statements that provide a true and fair view of the state's financial position.

Article 65 of Organic Law No. 18-15 specifies accounting forms for spending officers and public accountants in recording budget and treasury operations: commitment accounting and budget revenue/expenditure accounting on a cash basis; general accounting based on recognition of rights and obligations; and cost analysis accounting for program activities.

Law No. 23-07, in its Chapter Three (Bookkeeping and State Accounts), Article 79, defines public accounting as a system organizing financial information through:

- entry, classification, recording, and monitoring of budgetary, accounting, and treasury operations to produce compliant, truthful accounts.
- It facilitates financial statements reflecting assets, financial position, and annual results,
- contributes to activity/service cost calculation and efficiency evaluation, and enables processing by the National Audit Office.

Regarding the types of accounting maintained by treasurers and public accountants, Law No23-07classifies public accounting into three categories: budgetary accounting, general accounting, and analytical accounting. It delineates the responsibilities of each party in managing these types,

Article 80 confirms it comprises budgetary accounting, general accounting, and cost analysis accounting

Executive Decree No. 24-90, which outlines the scope and application procedures for public accounting. details in Article 3:

1- budgetary accounting for budget execution.
2- general accounting for financial position and assets of legal entities.
3- cost analysis for program-initiated activities.

The practical implementation of these types of accounting - particularly general accounting- requires adopting an accounting reference framework inspired by the International Public Sector Accounting Standards (IPSAS) and tailored to the Algerian context. The new system aims to enhance efficiency through sound governance of public finances via the following mechanisms:

- Fostering alignment in organizational structures and accounting practices across all public sector accounting staff by delineating their duties and obligations.
- Guaranteeing the availability of essential data for accountability purposes, whereby the executive branch is obligated to furnish elucidations and rationales to the legislative branch via financial statements that demonstrate whether annual revenues adequately meet total spending requirements.
- Supplying critical data to support oversight mechanisms for validating the legitimacy of governmental financial transactions; accordingly, the national accounting framework should incorporate controls operable prior to and following execution, safeguarding public assets while averting embezzlement, extravagance, and improper allocation of fiscal resources.
- Delivering pertinent details on funding origins and applications to facilitate informed decision-making, including reports that detail revenue inflows and outflows, the mechanisms of acquisition and disbursement within entities, alongside comparisons between historical fiscal performance and statutorily ratified budgets, thereby aiding in decision formulation and option evaluation.
- Furnishing requisite data for compiling national accounts, enabling the production of trustworthy fiscal metrics on governmental entity performance and their integration into macroeconomic ledgers, through datasets aligned with the terminology and categorizations of closing financial statements, grounded in the foundational tenets of the System of National Accounts (SNA).

II. Transition from Cash to Accrual Basis in General Accounting

Public accounting broadly refers to rules for recording entity financial operations to present a true financial position over a fiscal year, but public accountants' general accounting differs from profit-oriented entities due to budget/treasury nature and annual finance laws.

Organic Law No. 18-15 reformed the basis to accrual, with Law No. 23-07, Article 87, adopting this principle.

IPSAS also promote the adoption of the accrual basis of accounting instead of the traditional cash basis. Under this method, revenues and expenses are recognized when earned or incurred, rather than when cash is received or paid, which provides a more accurate and comprehensive view of the financial position and economic performance of public entities.

II.1 Current State of General Accounting:

Historically cash-based under 1967 Treasury General Instructions, amended by Instruction No. 16 of December 12, 1968, establishing treasury accounting rules, procedures, documents, entries, and special accounts, yielding the public treasury chart of accounts with nine groups: cash/custody; budget operations; treasury operations; treasury counterparts; adjustment operations; results; state-guaranteed debts; state revenues; non-tradable values.

II.2 Shift to Accrual Basis

Law No. 23-07 reforms branches, focusing on general accounting (assets, inventories, stocktaking, depreciation, provisions, financial statements, state general account), adopting accrual for recording impacts on assets, position, results per proven rights/obligations, regardless of cash flows.

Article 88 covers budget/treasury operations, third-party/temporary/adjustment operations, asset stocktaking, depreciation/provisions, period results/charges.

Article 90 assigns spending officers' physical inventory/documentation, public accountants

accounting entries, requesting necessary documents.

Executive Decree No. 24-90, Article 34: records impact on assets, position, results for legal entities per Law No. 23-07 Article 1, on accrual via double-entry per accounting plan.

It introduces a state accounting reference: conceptual framework (application scope, principles, asset/liability/net position/revenue/expense classification); standards inspired by IPSAS (valuation/recording); financial statement format; accounting plan for accounts.

Recording by public accountants exclusively via double-entry per unpublished plan with seven groups: net position/long-term liabilities; fixed assets; inventories; third-party accounts; financial/similar accounts; expenses; revenues. Groups 2-3 enable fixed assets/inventories recording, matching physical to accounting inventory, depreciation/value losses- previously budgeted as cash expenses.

Yields annual position/results via state general balance sheet and financial statements, per Law No. 23-07 Article 97 principles:

- Accounts must be regular, truthful, and compliant with applicable rules and procedures.
- Accounts must be prepared using consistent methods to ensure comparability across fiscal years.
- Accounts must encompass all management transactions based on their factual verifiability and relative materiality, while adhering to the prudence principle.
- Accounts must be coherent in a manner that ensures the accounting information presented over fiscal years, with due regard for properly linking transactions to their respective periods (independence of periods).
- Accounts must be comprehensive, relying on independent valuation and separate accounting recording for each element of assets, liabilities, expenses, and revenues, without the possibility of offsetting

On the other hand, Article 42 of the aforementioned Executive Decree No. 24-90 states that the general balance sheet of accounts and financial statements shall be prepared and presented according to qualitative characteristics comprising neutrality, relevance, reliability, clarity, and verifiability.

According to Article 95 of (Law No. 23-07) relating to public accounting rules and financial management, these financial statements consist of the following:

- The balance sheet or financial position statement;
- The income statement or financial performance statement;
- The cash-flow statement ;
- The statement of changes in net financial position;
- The annex, which includes notes defining the main principles and accounting methods, as well as other explanatory notes.

Per Article 45 of the Executive Decree No. 24-90, to prepare accurate, truthful, and orderly financial statements, the public accountant must maintain accounting ledgers comprising the journal, auxiliaries' ledgers, general ledger, and trial balance.

II.3 Importance of General Accounting in State Services

The importance of implementing general accounting based on the recognition of rights and obligations in state services lies in its capacity to present the state's financial position more clearly and credibly, particularly with respect to assets that budgetary accounting cannot disclose.

This enables identification of state assets and related quantifiable obligations, providing a clear view of the financial situation, especially over the medium and long term, thereby disclosing within general accounts state-owned assets such as land, buildings, and facilities.

It also reveals the state's creditor and debtor positions vis-à-vis third parties, including future payments required to settle state-incurred liabilities.

Furthermore, under accrual-based general accounting, costs and revenues are recognized when

public services are delivered and are therefore attributed to the relevant accounting period, unlike budgetary accounting, which recognizes revenues and expenditures after actual cash flows occur within the same fiscal year.

Accordingly, general accounting constitutes an effective framework and key instrument for improving public management at both local and international levels, as it provides mechanisms that present the state's financial position with the highest degree of clarity and transparency.

This is particularly important because a country's economic attractiveness depends on the availability of reliable and transparent accounting information that meets the needs of investors and other stakeholders in their dealings with the state.

III. Budgetary Accounting and Cost Analysis: Embedding Budgetary Reform

International Public Sector Accounting Standards (IPSAS) are based on the accrual basis of accounting, this led the Algerian legislator, through Law No. 23-07 in its Chapter Three entitled "Bookkeeping and State Accounts," to introduce new forms of accounting that spending officers and public accountants must follow when recording public financial operations. Budgetary accounting and cost analysis accounting therefore represent modern concepts aimed at reforming the Algerian public accounting system.

III.1 The Nature of Budgetary Accounting in the Algerian Public Accounting System

This section aims to define the nature and types of budgetary accounting in the Algerian public accounting system based on Law No. 23-07 concerning the rules of public accounting and financial management, as well as the extent to which budgetary accounting aligns with international accounting standards in the public sector**.**

III.1.1: Definition of Budgetary Accounting

Budgetary accounting comprises the set of rules and technical principles governing the accounting recording of public financial operations related to the budget of public sector units, Through this rules, all revenue collection operations and public expenditure disbursements are detailed over the course of a single fiscal year. This concept was first articulated in (Organic Law No18-15, 2018, p. 16) under Article 65, which led to Law No. 23-07 specifying its categories and the individuals responsible for them.

III.1.2: Types of Budgetary Accounting

Budgetary accounting takes two forms: commitment accounting, which is handled by the expenditure officers, and cash accounting, which pertains to public accountants.

A. Commitment accounting:

Commitment accounting specifically pertains only to public expenditures, under prior financial oversight supervised by a regulatory body managed by the budgetary controller (formerly the financial controller). Commitment accounting is defined as the accounting process for managing and monitoring commitment authorisations. It is maintained to determine, at any point in time, the amount of commitments incurred under those authorisations as well as the resulting balance. In a different format, it is responsible for recording the authorised public expenditure commitments annually.

B. Fund accounting:

It is also called revenue and expense accounting based on fund accounting, as it relies on the cash basis for recording financial transactions in the budget, focusing on what has actually been collected and spent at the time each transaction is realised. Consequently, it does not recognise amounts that are due to be collected or paid later in the fiscal year. This approach yields a measure of the difference between the public revenues actually collected and the public expenditures actually paid, as reflected in the budget and the special treasury accounts for the concerned fiscal year.

III.1.3: The compatibility of budgetary accounting with international public sector

accounting standards

As regards the accounting of obligations recorded by disbursing officers, the discussion centers on international public sector accounting standards, the most important of which are International Standard IPSAS 1, IPSAS 3, and IPSAS 24 as follows:

IPSAS1: Presentation of Financial Statements: This standard prescribes the principles for presenting general-purpose financial statements to ensure comparability between the data related to government units. It underpins the recognition and presentation of liabilities and governs the recording of all financial transactions associated with public expenditures authorised by the budget for units administered by disbursing officers.

IPSAS3: Accounting Policies, Changes in Accounting Estimates, and Errors: Determining the process of accounting treatment, disclosing changes in estimates and accounting policies, and correcting deviations is the primary objective of this standard.

This is embodied in the accounting of commitments through the role of the budgetary controller on public expenditures. This means that managers of public sector government units, who are responsible for expenditures, cannot record expenditure transactions in commitment accounting without the approval of the budgetary controller. This process helps reveal errors and discrepancies due to the mismatch between the accounting of the expenditure order and the budgetary controller.

IPSAS 24: Presentation of Budget Information in Financial Statements: As previously mentioned, accrual accounting seeks to present comprehensive information about public expenditures. In this context, IPSAS 24 requires disclosure that facilitates comparison between budgeted amounts (appropriations) and actual amounts arising from budget execution in the financial statements of public-sector entities.

With respect to cash accounting, Law No. 23-07 related to public accounting and management did not abandon the cash-accounting principles established by the previous Law No. 90-21 related to public accounting, but rather maintained them while attempting to adapt them to some international public sector accounting standards, including the following:

IPSAS1 - Presentation of Financial Statements: cash accounting uses this standard to present all actual transactions relating to both the disbursement of public expenditures authorised by the budget and the public revenues collected and authorised by the annual finance laws of public sector government units.

IPSAS24 -Presentation of Budget Information in Financial Statements: Cash accounting is intended to record information related to actual public expenditures and revenues. Based on this premise, it will rely on the 24 standard to identify and disclose all actual amounts disbursed and collected resulting from the implementation of the state budget and public-sector entities.

Thus, we conclude that budgetary accounting, whether performed by the authorising officer (commitment accounting) or the public accountant (cash accounting), serves to monitor revenue collection and public expenditure disbursement, It does so by recording these flows against the budget's programmes, sections, and line items during the fiscal year , in accordance with the annual finance laws consistent with international accounting standards in the public sector.

III.2 Cost Analysis Accounting

It is well established that cost analysis accounting constitutes a branch of analytical accounting that is widely applied in profit-oriented economic entities. However, with the emergence of International Public Sector Accounting Standards (IPSAS) and the pursuit by governments of evaluating public activity performance, attention has increasingly turned toward the application of cost analysis accounting within state institutions and entities governed by public accounting principles and rules, as it serves as a tool capable of providing essential data for public administrations in the areas of planning, decision-making, execution, and control, in addition to enabling the determination of costs for public activities and services provided.

III.2 .1: The Nature of Cost Analysis Accounting in Public Sector Units

With the emergence of International Public Sector Accounting Standards (IPSAS) and the

growing efforts of governments to evaluate the performance of public activities and services, increasing attention has been directed towards the application of cost analysis accounting within state institutions and bodies subject to the public accounting system. This approach is regarded as the instrument that furnishes public administrations with the requisite data and information, particularly in the processes of planning, decision-making, execution, and control.

Furthermore, this type of accounting enables the determination of the costs of public activities and services provided by the state.

In this context, Articles 92 and 93 of Law No. 23-07 affirm that cost analysis accounting is to be maintained specifically by the budgetary authorities, drawing upon general accounting data, with objective of ascertaining the costs of public activities performed and delivered, and assessing their effectiveness throughout the fiscal year.

III.2 .2: The Importance of Implementing Cost Analysis Accounting in Public Sector Units

Cost analysis accounting is conceived as a managerial tool designed to elucidate the elements of costs and results according to their nature; in a coherent manner that informs and supports decision-making processes.

Therefore, it focuses on processing data through recording, classification, aggregation, and analysis, while linking them to cost objectives, it further involves the preparation of statements and performance reports, and presenting them to management to assist in planning, control, performance evaluation, and subsequently rationalising its various decisions across all levels and administrative units. Accordingly, developing the public accounting system to ensure the evaluation of the State's activities and the public services it provides necessitates the application of cost analysis accounting in a manner that achieves the following fundamental objectives:

- Determining the cost of public activities and services
- Providing means of control and oversight over public property.
- Analysing deviations to enable corrective actions
- Conducting the necessary comparisons to measure performance costs across public sector entities.

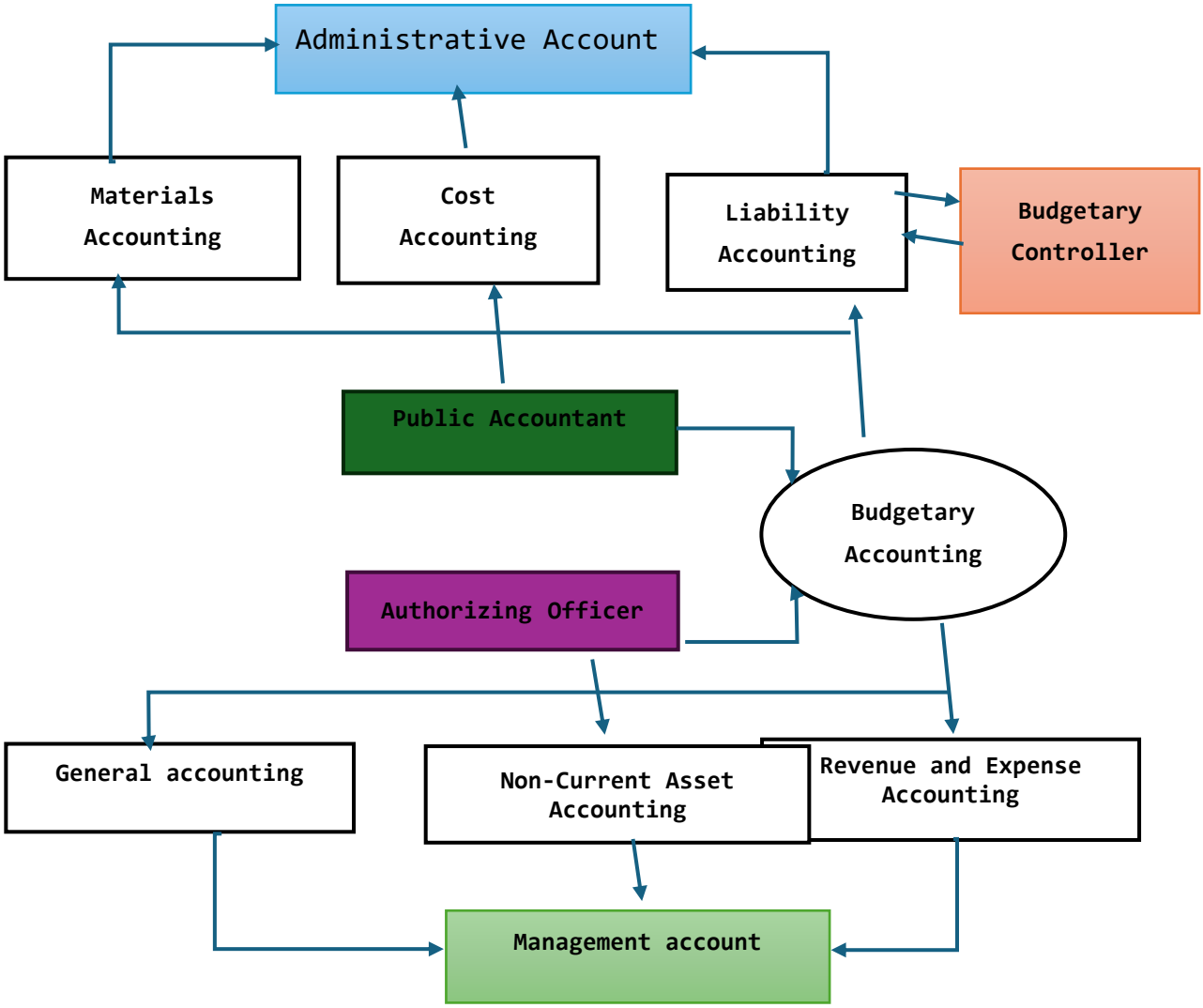
- ### III.2.3 Compatibility of Cost Analysis Accounting with International Accounting Standards in the Public Sector

The affirmation set forth in Article 92 of Law No. 23-07, concerning the rules of public accounting and financial management, regarding the necessity of activating cost analysis accounting within expenditure authorities, stems from the fundamental role this system plays in, on the one hand, analysing the costs of the various activities undertaken within the framework of budgetary programmes, and, on the other hand, enabling the evaluation of their efficiency.

In this context, it is important to note that the application of cost analysis accounting within public sector units requires an important condition: the adoption of the accrual basis for measuring and determining costs, as it provides all the necessary data to achieve the desired objectives, thereby rendering it compatible with IPSAS. However, pinpointing the specific international public sector accounting standards upon which cost analysis accounting is grounded - among the forty-two standards- remains somewhat challenging, owing to the diversity of public sector entities and the varying nature of the activities and public services provided by the state. This complexity renders its implementation in Algeria a significant challenge, particularly with regard to the adoption of accrual-based general accounting, which constitutes the sole data source for cost analysis accounting, as affirmed by Article 93 of the aforementioned Law No. 23-07.

Based on the foregoing discussion, we may summarise the accounting frameworks - included in the suspended law on public accounting rules and financial management No. 23-07 mentioned above - that collectively constitute the public accounting system in Algeria - as illustrated in the following form.

Form No. (01): Accounting forms maintained by the officials responsible for executing public financial operations in accordance with Law No. 23-07and Organic Law No18-15.



Source: Prepared by the researcher based on: (Law No. 23-07, 2023, pp. 10-11) chapter 3 and (Organic Law No18-15, 2018)

The data presented in the above figure indicate that Law No. 23-07 requires the public accountant to maintain two distinct forms of accounting. The first falls under budgetary accounting, known as cash accounting, through which the Algerian legislator has retained the cash basis in the accounting registration of financial operations. The second is general accounting, which is inspired by International Public Sector Accounting Standards (IPSAS) and operates on the accrual basis. The public accountant primarily relies on these two accounting frameworks to prepare his final statement at the end of the financial year, known as the management account.

As for the disbursement officer, it also maintains two types of accounting; the first is budgetary commitment accounting, which applies exclusively to public expenditures, and whose related transactions are recorded only after undergoing prior control by the budgetary controller.

The second is cost analysis accounting, which requires the accrual basis and derives its data from general accounting. Drawing on general accounting -which is the responsibility of the public accountant - the order of disbursement relies on these forms of accounting to prepare his final statement at the end of the financial year, known as the administrative account.

IV -Results and discussion :

1- There is a connection between the objectives of accounting reform according to Law No. 23-07 and the objectives of budget reform, in accordance with the provisions of Organic Law No. 18-15 related to finance laws, as both support three-dimensional public accounting, which confirms the validity of the first hypothesis. Despite this theoretical convergence, a fundamental question remains about whether Algeria's institutional framework and human resources can absorb such a complex transition. International experience, as shown by **Osei-Dwomoh et al. (2026)** in Ghana, suggests that the gap between legal provisions and actual implementation is often very wide, and that structural and systemic constraints are the main obstacle rather than individual resistance. This means that compatible legislation alone does not ensure effective implementation; it also requires an institutional infrastructure capable of supporting the practical operation of this tripartite system.

2- The shift from cash-based accounting to accrual-based accounting, inspired by the International Public Sector Accounting Standards (IPSAS). This enables the preparation of financial statements that provide an accurate and transparent picture of the state's financial situation. This confirms the validity of the second hypothesis.

Maayah et al. (2025) in Jordan support this view, finding that IPSAS strengthens transparency and public trust, while also warning of major challenges related to limited technical expertise and institutional resistance.

But **Essaidi (2022)** in Algeria likewise confirmed that the old accounting system is unable to provide transparent information, making the transition to IPSAS an urgent necessity rather than an option. This is what makes the present result important, as it confirms that Algeria has already begun moving along this path.

3- The accounting techniques stipulated in the Public Accounting Law align with the axes of budgetary reforms in Algeria, contributing to a more efficient and transparent financial management, which confirms the validity of the third hypothesis.

Chakhab and Moudjari (2022) indicated that accounting techniques formally align with budgetary reform, but they did not examine the operational and implementation-related challenges in depth.

But **Fatiha and Abdelhamid (2021)** likewise confirmed that the reform project is still under study and development, and that effective implementation requires restructuring the procedures for executing public expenditure. This suggests that the current findings may be somewhat optimistic regarding practical readiness.

4- While the findings support all three hypotheses, the literature shows Algeria is still transitioning, with IPSAS implementation challenges matching its theoretical advantages. Ghana's case **(Osei-Dwomoh et al., 2026)** demonstrates that structural and systemic barriers may delay progress despite political commitment

V- Conclusion

This study has endeavored to elucidate the extent of interconnection between the objectives of public accounting reform and those of budgetary reform, pursuant to the provisions of Organic Law No. 18-15 dated September 2, 2018, relating to finance laws and Law No. 23-07, dated June 21,

2023, concerning public accounting rules and financial management which stands as one of the foremost achievements of Algeria's budgetary and accounting reforms, aiming to align the public accounting system with international transformations in public sector accounting worldwide, thereby contributing to more efficient and transparent financial management.

From this standpoint, we attempted in our study to clarify the extent to which the objectives of public accounting reform are interconnected with the objectives of budgetary reform in accordance with the provisions of Organic Law No. 18-15.

A . Results

Based on all of the above, we reached the following results:

- Transitioning from the cash accounting system to accrual-based accounting, inspired by international accounting standards for the public sector. Which allows for the preparation of financial statements that provide an accurate and transparent picture of the state's financial position.
- Budgetary accounting is concerned with monitoring the actual execution of financial operations, where expenditures and revenues are recorded during the fiscal year according to the programs specified in the budget under the finance law, within the framework of program and performance-based budgeting.
- General accounting inspired by International Public Sector Accounting Standards (IPSAS) aims to record transactions that affect financial accounts, financial position, and results, regardless of the timing of revenue collection or public expenditure payment included in the program and performance budget.
- Cost analysis accounting relies on data from both budgetary accounting and general accounting, allowing for the monitoring of program efficiency and the effectiveness of public services, within the context of budgetary reform based on program and performance budgeting and results-based management.
- Accounting techniques stipulated in the Public Accounting Law align with the axs of budgetary reform in Algeria, contributing to achieving more efficient and transparent financial management.
- Accounting organization under the Public Accounting Law estimates the costs of each budgetary program, where resources are allocated based on medium-term planning that relies on specific programs, clear objectives, and desired outcomes, in addition to precise performance indicators, ensuring that spending is directed effectively rather than randomly.
- Reforming the public accounting system in Algeria in accordance with international transformations in the field of public accounting and adopting international accounting standards in the public sector remains contingent upon the actual and practical implementation of the provisions of Law No. 23-07 related to the rules of public accounting and financial management and its regulatory texts.

B .Recommendations:

Based on the findings of this study, the following recommendations are proposed:

- ✓ Establishing the technical framework governing the implementation methodologies of three-dimensional public accounting.
- ✓ Organising capacity-building workshops for public accounting officers, aligned with the most recent accounting reforms.
- ✓ Digitizing public entities subject to public accounting enables real-time internal control and improves budget system performance.
- ✓ Benchmarking against the experiences of leading nations in the field of public accounting modernisation.

- ✓ Examining the structural and procedural impediments that have constrained the reform of the accounting system, and devising strategies to address them.

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