Application of Modern Public Accounting Concepts in Light of Law 23.07 and International Public Sector Accounting Standards (IPSAS) in the Public Sector.

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Abstract:

This study explores the role of Law 23-07 in the implementation of modern public accounting concepts in Algeria, considering the International Public Sector Accounting Standards (IPSAS). The research begins with a detailed review of Law 23-07, focusing on the new provisions it introduces. Following this, we examine the IPSAS and their relevance to public accounting practices. By comparing the accounting practices outlined in Law 23-07 with international standards, the study demonstrates that the Algerian public accounting framework is aligned with IPSAS. The findings highlight the key areas where the law meets international expectations, ensuring better transparency and accountability in the management of public funds. This alignment between national legislation and global standards provides a foundation for improving public sector financial reporting and contributes to the broader goal of enhancing public financial management in Algeria.

Keywords: Public Accounting; Law 23-07; International Public Sector Accounting Standards, Reform of Public Accounting .

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Introduction:

The reform of the accounting system in Algeria is considered one of the key aspects aimed at modernizing and reforming public finances, as part of the country's efforts to achieve greater transparency in managing public resources and improving the efficiency of government spending. This reform was implemented through the introduction of the Public Accounting Law 23-07, aimed at addressing the imbalances in Algeria's accounting system in a way that aligns with international developments in accounting, specifically the shift towards International Public Sector Accounting Standards (IPSAS).

This law adopts an accounting reform philosophy that seeks to modernize the accounting system, enhance financial accountability, and improve oversight of public funds, while also improving the decision-making process within public institutions. This reform aligns with global trends in adopting international public sector accounting standards (IPSAS), as many countries are adopting these standards to improve the quality of public financial reporting. This represents a crucial step toward improving the transparency and accountability of public finances.

Research Problem:

The research problem centers around understanding the degree to which Algeria's accounting system, under Law 23-07, aligns with international accounting developments and how this system responds to the emergence of modern types of public accounting introduced by the law. This paper aims to address this challenge by answering the central research question:

What is the role of Law 23-07 in implementing modern public accounting concepts in Algeria in light of the International Public Sector Accounting Standards (IPSAS)?

This question opens the door for a detailed study on the extent to which Algerian legislation in accounting aligns with international accounting standards and how this alignment contributes to enhancing the effectiveness of Algeria's accounting system and its development to meet global standards.

To facilitate answering the proposed research problem, we suggest the **following main hypothesis:**

Law 23-07 helps simplify the modern concepts of public accounting in Algeria in light of the International Public Sector Accounting Standards (IPSAS).

Importance of the Study:

This topic derives its significance from the importance of public

accounting as one of the key areas of reform in public finances in Algeria, in addition to improving the image of accounting in the public sector and giving it an international dimension. This international perspective ultimately allows its financial data to be of high quality. Furthermore, it aims to show that this law is part of the state's efforts to align its public accounting system with international public sector accounting standards (IPSAS).

Objectives of the Study:

Through this study, we aim to achieve several objectives, which are **outlined as follows:**

Review of Public Accounting Law 23/07 related to public accounting and financial management.

Understanding the International Public Sector Accounting Standards (IPSAS).

Discussing the modern types of accounting introduced in Law 23-07.

Highlighting the modern concepts introduced by Law 23-07 in public accounting and linking them to the International Public Sector Accounting Standards.

Methodology:

This study requires understanding the role of Law 23-07 in applying modern public accounting concepts in light of the International Public Sector Accounting Standards (IPSAS). To achieve the desired and accurate results, it is essential to choose an appropriate methodology. Given the nature of this study, we believe that the most suitable approach is the descriptive-analytical methodology, which includes several sub-methods. In the theoretical part, we will use the descriptive method, which aims to clarify and explain the variables of the study, including public accounting, Law 23-07, and IPSAS. We will also use the analytical method, as it is appropriate for analyzing legal texts and articles that discuss public accounting, the international accounting standards in the public sector, and linking them in a way that helps answer the research problem.

Structure of the Study:

The study is divided into three main parts as follows:

The conceptual and explanatory framework of public accounting under Law 23-07.

The nature of International Public Sector Accounting Standards (IPSAS).

The modern concepts of public accounting in Law 23-07 in light of the International Public Sector Accounting Standards (IPSAS).

Previous Studies:

In our research, we reviewed several studies related to our topic, but among the most significant ones, we find the following:

A study conducted by researchers Hamza Chakhab and Ridwan Moujari titled: "Adapting Public Accounting Techniques to the Budgetary Reform in Algeria," which was published in 2022 in the Journal of Financial and Accounting Sciences. The study addresses the issue: "Have public accounting techniques in the Public Accounting Law Reform been adapted to the developments of budgetary reform in Algeria?" The study concluded that the accounting techniques align with the budgetary reform, as they provide an accounting system that offers all the necessary information for the state's general budget.

A study conducted by researcher ZouhirChellal titled: "Prospects for Reforming the Algerian Public Accounting System for Implementing State Financial Operations," a doctoral thesis in economic sciences from Mohamed Boudiaf University of M'Sila, published in 2013. This study addresses the issue: "What are the prospects for developing the public accounting system in Algeria?" The study concluded that the International Public Sector Accounting Standards (IPSAS) offer the best internationally agreed-upon accounting practices for designing an accounting system that enables the presentation of credible government financial statements and ensures transparency in managing public funds.

Firstly. Conceptual and Explanatory Framework of Public Accounting Under Law 23-07:

The reform of the public accounting system in Algeria is one of the key measures aimed at improving the effectiveness of public fund management and enhancing transparency and accountability within government institutions. Historically, the public accounting system in Algeria faced numerous challenges that hindered the achievement of these objectives, including a lack of coordination among the various entities involved in financial operations and outdated accounting practices that did not align with global developments (Torkey, 2023).

In this context, the introduction of Public Accounting Law 23-07 marked a transformative shift in how financial operations in the public sector are managed and documented, aligning with International Public Sector Accounting Standards (IPSAS). This reform aims to address the imbalances of the previous accounting system by adopting modern accounting concepts such as program-based budgeting and accrual accounting, which provide a clearer picture of the public sector's financial situation.

The reform not only establishes an accounting framework that conforms to international standards but also improves the ability to make sound financial decisions, offering a reliable and accurate financial database that aids in the development of public policies and sustainable development. Law 23-07 represents a significant step towards integrating Algeria into the international financial system, reflecting the country's commitment to achieving a high level of financial governance.

In light of these challenges and transformations, it is essential to understand the conceptual and explanatory framework of this reform, as well as how it is implemented in practice to enhance the public accounting system in Algeria and ensure the sustainability of future reforms in the public sector. (Eddine, 2025)

1. Reasons for the Shift towards Achieving Accounting Reform in Algeria

The public accounting system reform project aims to establish a public accounting system that consolidates all the state’s assets and liabilities into a single document: the state budget. Unlike traditional systems based on profit or loss, this budget outlines the scope of public investments, debts, loans, and receivables of the state, as well as providing a statement of the actual financial status of the treasury. Moreover, it presents the results of budget implementation in the form of a government budget, facilitating the monitoring and evaluation of government activities by relevant bodies.

Among the issues that needed reform in Algeria's accounting system is its failure to provide full disclosure of the results of public sector units' activities. The current system does not offer financial evaluations of state assets, recording them instead as annual financial burdens that are not reassessed from one year to the next. As a result, government financial statements and reports cannot offer a comprehensive financial evaluation of the state’s assets and liabilities in a single accounting document. Instead, they provide limited financial information that focuses on the cash impact of budget implementation, presented in a way that does not allow for effective use in accountability, performance evaluation, and public service cost measurement.(Benzine, 2024)

2. Conditions for Reforming the Public Accounting System

The reform of Algeria's public accounting system aims to improve financial performance in the public sector, enhance transparency, and strengthen accountability within government institutions. This requires the development of effective mechanisms to measure financial and accounting performance. In this context, Law 23-07 was issued on June 21, 2024, in response to several conditions and challenges that

necessitated the reform of the accounting system. Among the key conditions are: (Mihoub, 2023)

2.1 Economic Diversification and Growing Awareness of Transparency and Accountability:

In recent years, Algeria has witnessed a transformation in its national economic structure, shifting from dependence on oil and gas to diversifying sources of income by developing other sectors such as industry, agriculture, and services. Alongside these changes, there has been a rise in public and civil society awareness regarding the importance of transparency and accountability in managing public finances. This increased awareness led to the necessity of reforming the accounting system to ensure better monitoring of financial resources and achieve financial sustainability across various sectors.

2.2 Adoption of Public Sector Accounting Standards in Neighboring Countries:

As part of enhancing regional and global cooperation, some neighboring and Arab countries have adopted international public sector accounting standards (IPSAS). This placed Algeria under pressure to adopt similar practices to ensure alignment and integration between financial and administrative systems, thus achieving the best accounting practices at both the regional and global levels.

2.3 International and Domestic Pressure to Improve Governance Indicators:

Algeria faced both international and domestic pressures to improve public financial governance, whether from international organizations such as the World Bank and the International Monetary Fund or from local calls to increase transparency and accountability in public financial management. The goal of these pressures was to develop governance indicators that are more transparent and efficient in guiding public spending, as well as improving the government's ability to fight corruption and rationalize the use of public funds.

2.4 The Emergence of Organic Law 18-15 on Financial Laws:

With the emergence of Organic Law 18-15 on financial laws, Algeria began adopting new concepts aimed at modernizing and developing financial and budgetary systems in the state. This law introduced significant amendments aimed at transitioning from a traditional budget system to a multi-year budgeting system, which allows for better financial performance forecasting over the long term and strengthens the ability to plan for long-term financial needs. The move toward multi-year budgeting reflects the country’s commitment to comprehensive

financial reform and aligns with global trends in public financial management. (Mihoub, 2023)

3. Definition of Public Accounting

• Public accounting is defined as "the process of measuring (classifying and evaluating), processing, transmitting, monitoring, and verifying the accuracy of receipts, expenditures, and activities related to the government sector."(Abdelmadjid, 2022)
This definition highlights the core functions of public accounting, which include tracking the flow of funds, ensuring they are used appropriately, and verifying their proper handling in government activities. Public accounting ensures that all financial operations within the government are transparent, accurate, and compliant with legal frameworks.

• It is also defined as "a branch of accounting that applies the established scientific principles of financial accounting to the management of public administrative units, in line with the nature of government activities. It encompasses a set of accounting principles and foundations that help identify the aspects of government operations, enforce financial and legal control over public revenues and expenditures, and ensure compliance with laws, regulations, and instructions issued by the competent authorities." (Hamla, 2022)
This broader definition stresses the importance of using established financial accounting principles to manage public sector organizations. It emphasizes the role of public accounting in enforcing legal and financial control over public resources, ensuring accountability, and providing transparency in the management of taxpayers' money. The legal framework ensures that all government entities follow the correct procedures and comply with established laws.

According to the new Public Accounting Law 23-07, Article 79, public accounting is defined as:

"A system that organizes financial information, including entering, classifying, recording, and monitoring budgetary and accounting transactions and treasury operations. It also presents financial statements that reflect an accurate picture of assets, financial position, and results upon closing the financial year. Additionally, this accounting system contributes to calculating the cost of activities or services and assessing their efficiency."
This updated definition according to Law 23-07 emphasizes the organization and systematic recording of financial data. The law focuses on ensuring that all financial operations are accounted for and that annual financial statements accurately reflect the financial health of

government entities. It also underscores the importance of evaluating the cost-effectiveness of public sector activities and services.

Explanation of the Scope of Application of Public Accounting According to Law (23-07, 2023)

• Public accounting in Algeria is characterized by its application to a wide range of government entities, including the state, local communities, and public institutions working in various sectors such as health and administration. Law 23-07 aims to ensure the organization and transparency of financial activities within these entities, thereby enhancing financial oversight of public funds and ensuring their proper and efficient use.

This part explains that public accounting applies not only to central government institutions but also to local government bodies and public institutions involved in critical areas like healthcare and administration. The law seeks to bring about clear and transparent management of finances across all levels of government to avoid mismanagement and ensure that funds are allocated and used efficiently.

• This law applies to legal entities in the public sector, such as ministries and government agencies responsible for managing public policies. It also extends to public administrative institutions, such as ministries and local government bodies, as well as public health institutions that provide healthcare services to citizens. Furthermore, the law applies to legal entities responsible for implementing all or part of the state's programs, in accordance with the provisions of Organic Law No. 18-15, which concerns financial and budgetary reforms.

This section explains that the law extends to a wide array of public sector entities, ranging from national ministries to local governments and health institutions. It ensures that all institutions that manage public finances are held accountable and comply with established accounting rules. The reference to Organic Law No. 18-15 highlights the broader financial reforms underway in Algeria, focusing on improving financial management and public budget systems.

• This broad scope of application reflects the commitment to include all entities and bodies dealing with public funds within the public accounting system, thereby improving accountability and transparency, and helping to ensure the efficient and effective implementation of government programs.

The law’s comprehensive approach to public accounting reflects Algeria's commitment to improving governance and financial transparency. By including all public entities that manage state funds, the law ensures a higher level of scrutiny and helps ensure that public

funds are used responsibly and efficiently, ultimately contributing to the effective delivery of public services.

This section highlights the crucial role of public accounting in ensuring the transparent and efficient use of public funds in Algeria. The broad scope of Law 23-07 means that all public institutions are subject to strict financial management and oversight, aligning with international best practices in public financial management.

3.1 Objectives of Public Accounting:(Hamla, 2022)

Public accounting aims to achieve several key objectives, the most important of which are:

Recording, classifying, and monitoring operations whether budgetary, accounting, or treasury operations, in order to create accounts that comply with regulations and are accurate;

Presenting financial statements that reflect an accurate picture of the institution's assets and results at the end of the financial year;

Contributing to the calculation of the cost of activities and services and evaluating their efficiency;

Managing public institutionseffectively;

Assisting in decision-making by providing necessary financial data;

Protecting public funds from all forms of manipulation and neglect.

3.2 How to Manage Public Accounting According to Law 23-07

Law 23-07, related to the rules of public accounting and financial management, addresses the mechanisms by which public accounting should be handled in Articles 81, 82, and 83. Thesemechanisms are as follows:

Public accounting is managed through an integrated information system that ensures handling all transactions performed by accounting centers.

Public accounting should be managed digitally, with careful consideration for data preservation, definition, security, accuracy, and retrieval.

Public accounting is conducted for a calendar year, starting from January 1 to December 31 of the relevant year.

3. International Public Sector Accounting Standards (IPSAS)(IFAC, Edition 2012)

3.3 Origins and Development:

The origin of the International Public Sector Accounting Standards (IPSAS) dates back to the establishment of the Governmental Accounting Standards Board (GASB), created in 1984 under the Financial Accounting Foundation (FAF) to address financial reporting issues in central and local governments. The motivation behind

establishing this board was to assess the comparability of government financial statements with the reports prepared by economic institutions, especially when some U.S. cities faced bankruptcy. The first standard was issued in July 1984, and it became mandatory for all accountants and auditors working with government units.

In November 2004, the International Public Sector Accounting Standards Board (IPSASB) was established to replace the GASB. This board is a permanent committee of the International Federation of Accountants (IFAC), founded in 1977 with 167 members from 127 countries. The goal of the IPSASB is to serve the public good by developing high-quality financial reporting standards for the public sector, facilitating alignment between international and national standards (IFAC, Edition 2012). The board achieves its goals through:

Issuing international public sector accounting standards;

Encouraging acceptance of these standards and ensuring international compatibility;

Publishing other documents that provide guidance on topics and experiences related to financial reporting worldwide.

3.4 Definition of IPSAS:(IFAC, Edition 2012)

IPSAS are defined as "official guidelines that explain how certain types of transactions and other events should be reflected in government financial statements. Therefore, compliance with reliable and recognized accounting standards is necessary for providing a fair presentation of financial statements."

IPSAS are also defined as "the accounting principles and rules governing the financial and accounting operations in the public sector (non-profit organizations) to guide practices, standardize approaches to similar issues, and provide a unified base for comparing the performance of public sector institutions, given their importance and the significant funds these institutions manage."

IPSAS are further described as "high-quality global standards for financial reporting, specifically for public sector entities, excluding government commercial entities."

3.5 Scope of Application of IPSAS:

IPSAS are designed to apply to financial data concerning public institutions, which include national and local governments (such as states, municipalities, etc.) and the organizations that form them (such as universities, hospitals, etc.). Public economic institutions are excluded from the application of these standards, as they follow the International Accounting Standards (IAS/IFRS).

3.6 Characteristics of IPSAS:

The characteristics of IPSAS in the public sector are as follows:

Realism: IPSAS should be derived from reality and align with political, social, and economic conditions while also being consistent with professional accounting norms.

Understandability: The standards should be easy for users to comprehend, avoiding unnecessary complexities.

Relevance: IPSAS should consider all conditions and limitations when being developed while ensuring practical applicability to professionals.

Transparency and accuracy: IPSAS should promote transparency, accuracy, neutrality, and comprehensiveness in presenting financial statements, reflecting the true financial position of the state.

Logical consistency: The standards should be internally and externally consistent with conceptual elements like principles, objectives, and goals.

Performance logic: The standards aim to expand the scope of financial registration to evaluate performance.

Transition to accrual-based accounting: Transitioning from cash-based accounting to accrual-based accounting is key in IPSAS.

3.7 Contribution of IPSAS to Reducing Financial Corruption:(Hussein Slia and W.A, 2018)

IPSAS help reduce financial corruption in government units by providing more credibility and transparency in financial information, ensuring accountability, and supporting informed decision-making by the state. The relationship between accountability and transparency is reciprocal, with increased transparency leading to various positive outcomes:

Achieving financial discipline, controlling spending, and reducing project costs, thereby improving economic efficiency.

Protecting investors and building confidence in the market, as investors' risk assessments depend on the availability and accuracy of information.

Enhancing the attractiveness of the investment climate, as investors need assurance that legal and judicial systems will protect their rights.

Mitigating crises, as international experience shows that the severity of economic crises is influenced by the degree of transparency and the trust in accountability channels.

4. Modern Concepts of Public Accounting in Light of IPSAS:

Law 23-07 and Executive Decree 24-90, which defines the content and application methods of public accounting, explicitly outline three types of public accounting, which are:

Budgetary Accounting: This is divided into commitment accounting and treasury accounting:

Commitment Accounting: This registers budgetary expenditures for the current year, which are legally committed, and it is done by financial officers during the administrative phase, relating to revenue and expenditure execution.

Treasury Accounting: This phase registers revenues and expenditures for the current year that have been collected or paid by public accountants.

General Accounting: This is done annually and records all movements affecting assets, financial status, and results. It operates based on the accrual principle, recording all financial transactions regardless of the collection or payment dates.

General accounting follows the double-entry principle, where each transaction is recorded with equal amounts on both the debit and credit sides.

It is managed based on the chart of accounts, a document outlining the rules and principles for recording and valuing accounts.

According to Article 90 of Law 23-07 and Article 44 of Executive Decree 24-90, financial officers must establish rights and obligations, inventory assets, prepare necessary documentation for general accounting, and send them to public accountants. General accounting relies on the inventory data maintained by officers appointed by the financial officers.

Cost Accounting: This system analyzes the costs of activities and processes under specific programs to evaluate their efficiency, using the outputs of general accounting. It provides full disclosure of costs and financial reports for the state, offering valuable information about the cost of services and programs, and helping evaluate the performance of government units in optimally utilizing allocated resources.

Secondly. Results and Discussion:

The new types of accounting addressed through Law 23-07, related to the rules of public accounting and financial management, have taken on an international dimension, as the recording operations have shifted from a cash basis to an accrual basis, that is, based on the principle of recognized rights and obligations. Under this system, all financial transactions are recorded without considering the dates of receipt or

payment. This method is also applied in the International Public Sector Accounting Standards (IPSAS). For example, in the study by Hamza Shakhab, IPSAS related to public sector accounting is based on general accounting principles. The first standard, related to financial statements, describes the presentation of public financial statements, which is also mentioned in Law 23-07 on public accounting and financial management. Also, Standard 02, which pertains to cash flow statements, highlights historical changes in cash flows, and Standard 03, dealing with accounting policies, changes in accounting estimates, and errors, aims to address accounting treatments and disclose deviations, all of which are adopted in Law 23-07. Additionally, Standard 17, which concerns property, plant, and equipment, aims to establish the correct mechanism for their recording, as stipulated in Article 90 of Law 23-07 and Article 44 of Executive Decree 24-90, which specifies the content and methods of applying public accounting and addresses the inventory processes and reconciliations prepared to ensure accurate and appropriate accounting entries. Furthermore, Standard 24, related to budget information in financial statements, focuses on recording revenues and expenditures for government units, which is also emphasized in Law 23-07, particularly in Articles 84, 87, and 88, demonstrating the state's focus on financial operations that can impact final financial statements.

Conclusion :

Based on the findings, the validity of the main hypothesis can be tested (Law 23-07 helps simplify the modern concepts of public accounting in Algeria in line with the International Public Sector Accounting Standards) as follows:

Law 23-07, related to the rules of public accounting and financial management, contributes to simplifying modern accounting concepts through three-dimensional accounting (budgetary accounting, cost analysis accounting, and general accounting) by shifting from a cash basis to accrual accounting. This approach aligns with the methods used in IPSAS in Algeria, as outlined in Standard 1 on financial statements, which describes the presentation of financial statements. Additionally, Standard 02 on audit data, which explains historical changes in cash flows, and Standard 03 on policies and changes in accounting estimates and errors, as well as Standard 17 on property, plant, and equipment, have been incorporated into Algeria's public accounting law (Law 23-07) in Articles 84, 87, 88, and 90, as well as Article 44 of Executive

Decree 24-90, which is one of the key regulatory texts related to Law 23-07.

Based on the findings, the following recommendations can be made:

1. Focus on the training of public accountants to ensure proper implementation of public accounting techniques.
2. Leverage technological advancements in digitizing accounting operations and financial management.
3. Expand the scope of accounting reforms in alignment with international requirements.
4. Provide protection and accountability tools for the management of public funds.
5. Establish specialized schools and institutes in public accounting, affiliated with the auditing and accounting authorities in Algeria.
6. Seek foreign expertise to enhance and apply international accounting standards.

Some topics that could continue the research problem of this study include:

1. The role of International Public Sector Accounting Standards in improving public sector performance.
2. The role of human resources in developing public accounting techniques.
3. The role of Law 23-07 in improving the quality of government financial reporting.

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