

State Reforms for Public Accounting in Order to Implement IPSAS

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Abstract :

This study focuses on the essential changes required to implement international accounting standards in the public sector. The shift from cash to financial accounting involves a combination of tangible and human factors to align projected outcomes with actual results. Consequently, institutions must decide on crucial reforms, representing a comprehensive overhaul of state accounting practices. This reform aims to enhance transparency, efficiency, and accountability in financial processes, signaling a significant shift towards improved financial management in a governmental context.

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Résumé :

Cette étude vise à éclairer les réformes nécessaires pour mettre en œuvre les normes comptables internationales dans le secteur public, en passant de la comptabilité de trésorerie à la comptabilité financière. Les institutions publiques sont contraintes de prendre des décisions pour instaurer une série de réformes essentielles, représentant une transformation complète des pratiques comptables de l'État. Cette réforme vise à améliorer la transparence, l'efficacité et la responsabilité dans les processus financiers, suggérant un changement significatif pour améliorer la gestion financière gouvernementale

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1- The introduction:

The public sector in Algeria, whose debate occupies the financial and the financial scene today, we are faced with the pressing need for a reform of the public accounting gadget in order to go closer to a new accounting tool Budgetary governance and budgetary procedures, together with monetary assets that will no longer be allotted on a money groundwork as in the past. By shifting from a money finances machine to an accounting system.

The name of the company's economic accounting, constructed in accordance to a traditional accounting presentation known as "double part" which is a dependable instrument to enhance finances transparency that meets worldwide accounting requirements in order to continue to be proper to the monetary and financial reality, the accountability and administration of the international locations resources in line with accounting global accounting standards. (Dupont, 2020.)

It is a body of reference, which would make it possible to coordinate the action of the establishments and in order to do so, we have to pass from a sectoral method in addition, European Parliament an operational accounting unit governed via the monetary strategy and the kingdom managers. That is to say, to enhance accountability and capacity to efficaciously control public price range to improve effectiveness and efficiency of public expenditure.

Thus, the state price range need to now not fee the taxpayer or the country more In particular, the monetary and accounting subculture of the company to higher meet new business wants with the purpose of organizing a current market economy, and the approach of new requirements linking us to our accession to the WTO and the EU2 (Infolio, 2019). That, two structural reforms important for the efficiency and overall performance of the functioning of the kingdom as a whole, in its monetary and social aspects.

The aim is to manipulate budgetary fees through program rather of with the aid of region and to give a vivid, faithful and sincere photo of the kingdom public management. (Dupont, 2020.)

As properly as, the transparency of the operation of the state, whose use, is the control of resources, traceability and visibility of capital flows, to higher optimize the state's property in international accounting

standards (IAS/IFRS0) (2010 ، الاتحاد العربي للمحاسبين ،) nation accounting reform that we advocate is based on an economic approach, insofar as the more in line with the regulations of a market economy. A feature that requires managers well-trained and above all an entrepreneurial spirit and an financial culture. The new system in this respect, the state's accounting rule constitute a real venture to modernization and take part in the advent of a new mind-set in the technique of preparation, and adoption Parliament's two Houses of parliament, for the implementation and control of public finances (MESSAMAH, 2017-2018)

By applying a new global accounting framework based on the IPSAS framework, which aims to enhance the visibility of public finances and reliable figures and reconstruct actual Gros Domestic Product (GDP) and cost records global public zone (IPSAS) standards accounting standards, supposed for the public area are based totally on wealth accounting in particular, transactions are taken into account for the monetary year to which they relate, regardless of their fee or collection date which determines the modern year's result and compares it to preceding years consequently a shift of the public quarter from a budgetary logic to a common sense of result (program).

In this regard, the issue or question related to this topic is."What is the major challenges governments face when implementing a state accounting reform, and what is the impact of this reform on financial management, transparency, and accountability in the public sector?" To address this issue, we have formulated two hypotheses:

- **First:** The adoption of a state accounting reform can enhance transparency and accountability in the public sector, but it can also pose challenges related to transitioning from a cash accounting system to a financial accounting system."
- **Second:** The major challenges faced by governments when implementing a state accounting reform include resistance to change within governmental institutions and the need to train personnel to effectively manage the new accounting system."

2. Generalities about IPSAS

Public accounting in Algeria as presently practiced is a money accounting, and this, to reply to a logic of administration of annuity (the welfare state) ensuring just the moves much less and/or greater of the fund in in simple terms cash-flow approach primarily based on series and charge (revenue and expenditure, **(Jackson, 2018)** that is, the public bills are stored without taking into account the commitments to become aware of the accounting dimension of the state's property accounting for rights, responsibilities and Capital assets in the line with typical accounting. At the worldwide level, the thinking of Public treasury accounting has lapsed considering the fact that the release of requirements public area accountants recognized as IPSAS.

To set up the safeguards for sound and efficient administration of public budget as long as it suggests economic values and benchmarks for the truth of Macro and micro-economy aggregates in the face of internationalization of economies and monetary markets. Thus, for consolidation purposes, the central Observation for the national financial system and the nation's budget.

The accounting framework is undergoing a junior change following the gradual introduction international IAS/IFRS for businesses and standards IPSAS for the public sector, in accordance to a conventional accounting on a global scale, that is to say: what has appears in property and what ought to appear in passive (2010، للمحاسبين).

Thus, we can't communicate these days of national account, however above all of accounting the European Union's global financial coverage on prison and fiscal troubles with the want to modernize the public area and make it performance. Western and Anglo-Saxon states and corporations are valued on economic and stock markets through their accounting to accounting standards, these are at the heart of their coverage of monetary and public governance and of their strategy process.

It is in this context that the accounting reform of the nation must be positioned in order to bring together General Accounting technology an

ability of decreasing non-public hobbies to the everyday interest (country) or the socio-economic reality that it may additionally reflect.

The trouble of facts very shut to actuality also arises and can't permit a Real analysis due to difficult and terrible control of economic data and Financial: a united states except accounting standards, a key of factor of self belief for investors (FDI) and shareholders, barring verifiable facts and transparency can function harmoniously at the interface of a constantly changing governance world level. Thus. The stipulations that allow to meet the multitude of targets in economic, Financial and Analytical Issues of significance to groups worldwide financial institutions, economists, experts, governments and parliamentarians.

As reminder, public funds cover the discipline of public administration: state, local public administration (local authorities and other our bodies neighborhood government), public institutions (EPIC, EPA) and safety authorities social safety (compulsory primary social safety shames, compulsory pension schemes Supplementary, money contributing to the financing of social security, etc.) **(Comptabilité, 2021)**

General accounting in the public zone serves as a improvement device and a framework for a new gadget of budgetary governance and procedure, in particular, financial assets will no longer be allocated in accordance to a at present, walis are only assessed on their capability to absorb the fund provided in the nation budget, however via packages with the approach Economic and Performance Obligation to country managers: for a better monetary visibility, greater manipulate over the preparation, execution and control on the kingdom finances and above all lets in the comparison the state for Substantial improvement in economic data for the gain of the government, parliament and particularly the worldwide monetary institutions, the Taxpayers and citizens in general.

Finally, the widespread money owed provide a sufficient framework for the management and the economic system in general, and that in being nicely informed, nicely equipped and well it is therefore dependent, environment friendly and transparent financial accounting. Since the splendor of a country is measured lots extra by using the availability of transparent and reliable account records that meets the desires of investors, The European Commission's Green Paper bid.

As well as the introduction of cost accounting which is nearly non-existent is a specialized function of established accounting is to enable accounting and Control of the prices of one-of-a-kind administrations and sectoral programs in order to streamline public expenditure and optimize the allocations of resources, highlight the targets of the state, in shed mild on the issues and divulge attainable inconsistencies by way of setting the skill equation to the stated objectives.

By transferring from a in simple terms criminal view of the country to an extra economic, the nation has turn out to be a borrower besides being financial lender. Decidedly, governance and monetary management.

The debate in Algeria's current monetary and financial area is about the lack of effectiveness and monetary and monetary effectivity of the device state price range in view of the growth in public expenditure, which characterizes almost 50% of GDP. Indeed, the Algerian economy nevertheless stays an in fact the European Union's Member State, in their economic practices and their monetary programmers have additionally been involved in the improvement of the state. **(Mohamed, 2018)**

At worldwide level, the notion of money accounting has emerge as absolute for the reason that Dissemination of IPSAS standards for the public sector.

The IPSAS conceptual framework defines the following concepts:

- The general accounting is based on the precept of focus of rights and bonds.
- Transactions are taken into account for the economic 12 months to which they relate, regardless of their price or collection date;

The reform of public accounting is vital and stays linked to the reform of the nation budget to take account of the financial thought and control of finances Government and neighborhood authorities for greater data on implementation Budget commitment and payment, particularly the go from money accounting to accrual accounting for accounting purpose: claims of the state; kingdom bonds; constant assets. **(Ruppel, 2021)**

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- Transactions are taken into account for the economic 12 months to which they relate, regardless of their fee or series date.

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Budget commitments and payments, particularly the move from cash accounting to accrual accounting for accounting purposes: claims of the state; state bonds; constant assets.

Indeed, the financial system offers the state the potential for the policies economic, fiscal, monetary and fiscal insurance policies to reduce public spending and expand public aid thru capital market play, export and normal taxation, in particular, a monetary bundle need to be set up in which the funds, banks, groups and others in the recognition of public investments having the industrial persona hitherto of public expenditure.

In short, the reform of the State's accounting gadget quantities to a true to engage in the business enterprise and modes of operation of the country apparatus.

The introduction of new financial statements with complete and transparency on the recreation and heritage of the nation will certainly permit to enhance the content of accounting and financial records to the advantages of the variety of users of authorities accounts and offer complementary indicators for the method of the control of public finances.

The fundamental objective pursued through the development of accounting standards the introduction of a language Joint International Accounting; making accessible to organizations accounting requirements that synthesize international first-class practices in the introduction of accounting enterprise in the public sector.

The different axes of the accounting reform are first of all the modernization of the public accounting: these motion ambitions to enforce a new accounting framework; it is primarily based on the IPSAS framework. Accrual accounting makes feasible to determine the result this yr and to examine it with previous years, for this reason a shift in the from a budgetary logic to a end result logic. A results-oriented price range with goals and overall performance indicators to allow new management public Accounts. More obvious and accurate money owed based totally on the global Accounting Standards and Cost Analysis, giving managers new tools to control their expenses. The organization and methodology of the country management based on the programmer: licensing and policy administration framework public administration. Management control in State administration.

It can consequently be concluded in the light of the above that the opening and preparation of the sectoral accounting plans are fundamental for the groundwork of the state's fundamental accounting reform in order to enshrine Algeria's entry into the accrual asset accounting in the administration of public price range that trace, if we can say, the stability sheet presentation of the State's asset and legal responsibility accounts .

That said, this challenge is long, difficult and complex; specifically, there is an effort additional and huge to hire for a deep physical-accounting work in assessment, analysis, verification and accounting rules.

Daring on a thorough accounting method by using strictly applying the standards IPSAS International Public Sector Accountants.

The opening balance sheet is a major project to identify the Asset accounting, recording the rights, duties and fixed belongings of the State, and for that reason to totally reconstitute the accounting of the State with the aid of integrating assets and liabilities at their fair monetary fee by way of reference to market costs that had in no way been accounted for.

And finally, the felony and regulatory statues of the country and the agency accountants to be made current in the reform of public accounting.

- **Applicability:** IPSAS are standards intended for use by way of countrywide public institutions, regional (local authorities...) local (municipalities, urban communities) and any public entity (agency, authority, commission...) IPSAS are broadly used via intergovernmental and global organizations. IPSAS does no longer observe to public companies with business repute (SA, SARL...) or operating in a context competitive. (2010, للمحاسبين)
- **Development:** IPSAS are issued by way of IPSASB (International Public Sector Accounting Standards Board), an unbiased body of the International Federation of Accountants (IFAC).

IPSASB develops IPSAS by using providing an probability to comment to parties this consists of exterior auditors, preparers of money owed (including Ministries of Finance), the bodies responsible for developing countrywide accounting requirements and citizens. The IPSASB meeting where the Developments and the place the publication of IPSAS and different files are authorized open to the public. Agendas, together with minutes of IPSASB meetings, are posted on the IPSASB website: www.ipsasb.org. Observers at IPSASB conferences are such as the AFDB, the EU, IASB, IMF, INTOSAI, OECD, financial institution World, the UN and UNDP. (Gauthier, 2018)

3. The Basic Concept :

3.1 Convergence of IPSAS with IFRS:

IPSAS are inspired with the aid of IFRS. IPSASB adapts IFRS for the public sector when necessary. In the process, IPSASB as an awful lot as possible to keep the principle accounting and the authentic IFRS text, until a good sized public area cause it requires differentiation.

3.2 Official language of IPSAS:

The reliable textual content of the IPSAS requirements is that published through IPSASB in English. The IPSASB manual has been translated from English into French, Spanish, German, Russian and Chinese.

The Arab Society of Accountants (ASCA) of Jordan has published an Arabic version of the IPSASB manual. Brazil prepares a Portuguese translation. (Dubois, 2018)

3.3 What is IPSAS:

IPSAS, an English-language abbreviation for International Public Sector Accounting Standards, (governments, local authorities, public and semi-public institutions, international institutions, etc.) developed and published through the International Accounting Standards Administration Boards Public Sector Accounting Standards Boards (IPSASB).

3.4 Objectives of the IPSASB:

The objectives of IPSASB, created through the IFAC “international Federation of Accountants”, serve the public pastime by means of growing the accounting requirements and different publications of public region entities around the world, used for the General-purpose Financial Statements. This intended to make bigger the nice and the transparency of public quarter monetary reporting and decision-making.

4. Scope of IPSAS:

IPSAS are supposed to apply to commonplace reason monetary statements of all public quarter entities with the exception of public organizations that apply, as International Financial Reporting, the IFRS standards posted by using the IASB “International Accounting Standards Broad” as any non-public region entity.

Public zone entities consist of national, regional, local, and related public entities (agencies and Commissions). In addition, a public mission is defined as an entity concurrently the following characteristics:

- a) An entity that is authorized to enter into a contract on its own behalf.
- b) It has been granted the financial and the operational autonomy crucial to workout activity.
- c) In the normal route of business, sells goods and services to different entities for full benefit or recovery of costs.
- d) It does not depend on everlasting public funding to be in a state of affairs of continuity operating.
- e) It is managed by using a public quarter entity.

4.1 Characteristics of IPSAS standards:

IPSASB shall increase IPSAS on the basis of dedication accounting, which converge with the IFRS standards posted by way of the IASB through adapting them to the context of the zone public the place terrific IPSASB has also posted a distinctive accounting widespread treasury which consists of chapters on mandatory disclosures and optional.

4.2 Move from money to commitment :

IPSAS on the cash basis of accounting encourages entities of the public area to voluntarily published information according to the accounting approach commitments, even although its core financial statements are organized using the cash accounting.

IPSASB also tries to facilitate compliance with IPSAS through the commitment accounting through transitional provisions in positive standards.

Public zone entities whose financial statements comply with IPSAS have to disclose. This compliance with the financial statements is express and besides qualification.

Not be described as complying with IPSAS if they do not comply with all the provisions of IPSAS.

4.3 Conceptual Framework for Sector Frequent Purpose Financial Reporting public:

The conceptual framework installed and explains the standards to be carried out for the improvement International Public Sector Accounting Standards (IPSAS) and Practice Guide Recommended Practice Guidelines (RPG) for guidance and time-honored Purpose Financial Reporting (GPFR) deferrals from public region entities hooked up on a dedication basis. The conceptual framework does no longer encompass viewpoint provision for economic reporting public region entities that adopt and do no longer override IPSAS standards. This are the IPSAS standards that define accounting obligations, Assessment and presentation of transactions, events and things to do represented in monetary reports. (Lefebvre, 2019)

a) The conceptual framework consists of 4 parts:

- **Part 1:** Role and authority of the conceptual framework, targets and customers of universal purpose financial information, qualitative characteristics, and entities providing economic information.
- **Part 2:** definition and accounting of objects introduced in statements financiers.
- **Part 3:** Valuation Rules for Financial Statements.
- **Part 4:** Presentation of statistics in economic reports.

b) Objectives and users of frequent reason economic information:

States of different public quarter entities accumulate sources from Taxpayers, donors, lenders and different monetary contributors to supply services to residents and different beneficiaries. These entities are consequently required to administration and use of sources to those who supply them and those who wait use these sources to supply the critical services. Contributors in addition, there is a want for financial services and currant or practicable beneficiaries of services facts to make their decisions. (Jackson, 2018)

Legislative strength and participants of parliament are additionally amongst the users General Purpose Financial Reports as representatives of the hobbies of the European Commission's Directorate-General for Employment and Social Affairs.

General purpose economic statements may additionally also be beneficial to other parties.

State statisticians, analysts, media, financial advisors, as well as businesses public interest and lobby businesses and different parties

5. Conclusion:

The implementation of a state accounting reform is a complex process that presents major challenges for governments worldwide. This reform aims to improve the management of public financial resources, increase transparency, and strengthen accountability within the public sector. However, as we have examined through our hypotheses, this

process is far from without difficulties. It is essential to understand these challenges and weigh the benefits against the drawbacks.

One of the hypotheses formulated was that "the adoption of a state accounting reform can enhance transparency and accountability in the public sector, but it can also pose challenges related to transitioning from a cash accounting system to a financial accounting system." This hypothesis is confirmed in many respects. The transition from a cash accounting system to a financial accounting system involves profound changes in the collection, processing, and communication of financial data. This can be a source of complexity and resistance within governmental institutions.

The other hypothesis formulated was that "the major challenges faced by governments when implementing a state accounting reform include resistance to change within governmental institutions and the need to train personnel to effectively manage the new accounting system." This hypothesis is also validated. Resistance to change is a common obstacle when implementing accounting reforms as it challenges established practices and demands significant adjustments. Moreover, personnel training is essential to ensure a smooth transition to the new accounting system.

Nevertheless, despite these challenges, state accounting reform can have a profoundly positive impact on financial management, transparency, and accountability within the public sector. By adopting international accounting standards such as IPSAS, governments can improve the quality of their financial reports, which enhances the confidence of citizens and investors. More accurate accounting also allows for a better utilization of public resources, which can directly impact the delivery of high-quality public services.

In conclusion, the implementation of a state accounting reform is a complex process with significant challenges, but the potential benefits in terms of transparency, accountability, and the efficiency of public expenditures make it an essential endeavor. Governments must be prepared to address these challenges by investing in training,

awareness, and communication to ensure the success of the reform. Improved financial management and increased accountability are commendable goals that warrant the necessary efforts to achieve them.. Smith et al. (2007) stated that ... or (Smith and al., 2007)

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