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Public Accounting Reform and IPSAS Adoption in Algeria: Constraints and Requirements

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Abstract:

This study examines Algeria's shift from cash-based to accrual accounting as mandated by Organic Law 18-15 and Law 23-07, creating an IPSAS-aligned framework. Using a descriptive approach and legal text analysis, it outlines the reform phases and contextual conditions. Initial reform efforts encountered various impediments, while successful implementation relies on three key prerequisites: a complete asset inventory, an integrated information system, and ongoing capacity-building programs. The study further highlights transitional challenges for developing economies pursuing IPSAS convergence, and provides recommendations for a phased roadmap that reconciles legal mandates with operational realities.

Keywords: Public accounting, budgetary and accounting reform, IPSAS standards, State Chart of Accounts, Financial statements.

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1. Introduction:

Over the recent decades, most public entities worldwide have undergone a profound cultural and institutional transformation rooted in New Public Management (NPM) theory (Dabbicco, 2020), This paradigm shift serves as the cornerstone for modernizing public administration through a performance- and results-oriented approach. At the heart of this modernization, International Public Sector Accounting Standards (IPSAS) have emerged as a reliable and indispensable accounting framework designed to evaluate performance, ensure transparency, and enhance decision-making efficiency. Essentially, IPSAS assist practitioners in preparing and presenting financial information for public sector entities. Consequently, they are expected to improve the quality and utility of financial statements for various users and stakeholders (Navarro & Rodríguez , 2011). However, parallel concerns must be observed in this context. The adoption of IPSAS—particularly during the implementation of accrual accounting—has been accompanied by multiple challenges and difficulties at the local, regional, and national levels, especially when this process occurs simultaneously with other structural reforms, such as budgetary reform (Tickell, 2010).

The current Algerian public accounting framework is a budgetary accounting system centered primarily on three main types of financial and budgetary execution operations: revenue, expenditure, and cash operations. Its primary objective is to ensure regularity, particularly regarding expenditure execution and credit allocations. Although budgetary accounting enables tight control over cash flows, it fails to track financial movements unrelated to immediate payments. This limitation underscores its inherent shortcomings and highlights the urgent need for a thorough public accounting reform that redefines its new dimensions, namely: budgetary, general, and cost accounting.

This accounting reform is part of a broader overhaul of public financial management enshrined in Organic Law 18-15 (LOLF). In principle, this law aims to establish the core pillars of public sector managerial reform by re-institutionalizing results-based budgeting (program-budgeting) and

introducing accrual accounting based on recognized rights and obligations. Pursuant to the provisions of the LOLF, Law 23-07 was promulgated to implement a new conceptual, legal, and accounting framework for public accounting. This statutory update facilitates the transition toward accrual accounting inspired by international public sector standards (IPSAS), while concurrently integrating cost and asset accounting to recognize assets, liabilities, rights, and obligations, thereby producing regular and reliable accounts of public heritage and financial position. By promoting accrual accounting and more comprehensive financial reporting, IPSAS enhance the quality and standardization of financial information practices, improve data comparability, and consequently bolster the transparency, financial performance, and accountability of public entities. They serve as a vital tool for convergence and harmonization in the presentation of financial information at both national and international levels (CNUCED, 2018, p. 10).

During the past two decades, an increasing number of entities globally have moved toward applying IPSAS in preparing their financial statements. Algeria is actively engaged in this path as part of its public financial management reform programs. The ultimate objective is to transition from cash accounting to an accrual-based accounting system that recognizes the rights and obligations of the State, local authorities, and administrative public establishments (E.P.A). It is worth noting that a plethora of literature has addressed the importance of implementing IPSAS to improve the quality of public sector financial reporting; however, most of these studies have been confined to describing the institutional factors related to the costs and benefits of their adoption (Chan, 2008). Nevertheless, effective implementation requires an extensive overhaul of procedures, a reorganization of tasks, and an appropriate adaptation of the internal control mechanisms that underpin accrual accounting and financial reporting (ONU, 31 décembre 2013).This process begins with establishing a conceptual framework, which serves as the foundation for developing public sector accounting standards and presenting true and fair financial statements (Maruf & et al, 2017).

However, while extensive literature has addressed IPSAS adoption in various contexts (Chan, 2008; Tickell, 2010), limited research has systematically examined the specific challenges and prerequisites for IPSAS implementation within the Algerian framework, particularly under the dual legislative provisions of Organic Law 18-15 and Law 23-07. This study seeks to fill this gap by offering a context-specific analysis of Algeria's reform trajectory, identifying the blocking factors of the initial project, and determining the fundamental conditions for successful accrual accounting transition.

Within this context, the core research problem of our study arises, formulated as the following primary question:

How can Algeria fulfill the fundamental conditions and requirements necessary for the successful deployment of its public accounting system reform?

To address this overarching research question, the study is structured around the following sub-questions:

- What are the most significant transformations and innovations introduced by Organic Law 18-15 in the areas of budgetary and accounting reform?
- How can lessons be drawn from the prior experience of establishing the State Chart of Accounts in Algeria?
- What are the fundamental pillars and prerequisites (technical, human, and institutional) that ensure the effective implementation of the new State accounting system?

In this light, this study aims to highlight both the efforts undertaken and the blocking factors encountered during the first major public accounting reform project. It also analyzes the general context and the main shifts induced by this new budgetary governance, before ultimately addressing the imperative conditions required for its effective implementation.

To address the study's core problematic, a descriptive-analytical method was employed to examine the legal texts (Organic Law 18-15 and Law 23-07) and their alignment with IPSAS, along with a critical review of

official documents to identify the shortcomings of the initial reform and the prerequisites for effective accrual accounting.

2. The First Major Public Accounting Reform Project: Undertaken Efforts and Blocking Factors:

Since September 1995, Algeria has targeted the replacement of the Treasury chart of accounts with a State Chart of Accounts (Plan Comptable de l'État – PCE), aiming to implement an accrual accounting system. This project was launched in collaboration with international institutional experts from the IMF and the World Bank, alongside the French Directorate General of Public Accounting (Direction générale de la comptabilité publique – DGCP), seeking to leverage French expertise in this domain. These collaborative efforts culminated in drafting the PCE project, which drew inspiration from the National Accounting Plan (Plan Comptable National – PCN) utilized by economic enterprises.

To ensure the successful field implementation of this accounting reform, the Ministry of Finance undertook several critical measures directed toward a progressive and effective rollout of the PCE:

- **Technological Modernization:** Adapting information systems to the project's new regulations to satisfy the recording and accounting treatment requirements dictated by the new framework.
- **Capacity Building:** Organizing training cycles for public accountants (treasurers, heads of accounting offices at the Wilaya treasuries, deputy treasurers, tax collectors, etc.) during the 1990–2000 period. This initiative aimed to familiarize them with the State Chart of Accounts project, its operational rules, and its inherent accounting recording mechanisms.
- **The Pilot Phase:** Experimenting with the State Chart of Accounts across six (06) Wilayas—specifically within the Wilaya treasuries of Boumerdès, Tipaza, Tizi Ouzou, Béjaïa, Ghardaïa, and Mila—starting July 9, 2000, prior to gradually extending this experimental phase nationwide for comprehensive generalization.

Despite the significant efforts deployed by the State, the implementation of the PCE encountered a stagnation phase during its experimental trial,

particularly from 2004 onward. Due to multiple commonly observed deployment issues, the project was ultimately frozen in 2007. This outcome was driven by several underlying factors:

2.1. Legal and Organizational Obstacles:

- **Absence of a Parallel Budgetary System Reform:** The budgetary nomenclature was not revised in alignment with the State Chart of Accounts. This gap hindered the articulation between budgetary and financial accounts, while also complicating comparisons between budgetary forecasts and actual execution outcomes.
- **Inadequacy of the Legal Framework and Regulatory Delays:** The applicability of the PCE depended on the timely publication of implementing decrees, accounting instructions, and methodological guides. However, the legal and regulatory texts governing public accounting were not updated to align with the requirements of the new chart of accounts, creating legal contradictions between the new accounting rules and the prevailing statutory framework.
- **The Opening Balance Sheet Problem:** The lack of an exhaustive physical inventory of State assets paralyzed the launch of asset accounting (comptabilité patrimoniale). Obtaining precise and comprehensive data regarding the State's assets and liabilities proved difficult, owing to deficient inventory operations and a lack of involvement from public administrations in the regular recording, assessment, and valuation of their entire heritage.

2.2. Human, Cultural, and Professional Barriers:

- **Disruption of Established Routines:** Shifting from a logic of simply recording financial flows (cash accounting) to a heritage-based logic (accrual accounting involving recognized rights, depreciation, and provisions) demanded an immense intellectual and methodological effort from agents accustomed to the same system for decades.
- **Deficit in Specialized Skills:** Although training sessions were organized between 1990 and 2000, the level of technical expertise required by the new PCE occasionally exceeded the foundational training of certain execution agents, generating a sense of professional

insecurity.

2.3. Technical and Technological Flaws:

- **Information System Delays:** the Budgetary Information System (Système d'Information Budgétaire – SIB) project, which was launched in 2005 and aimed at establishing a link between the accounting reform and the budgetary reform through the Integrated Budgetary Management System (Système Intégré de Gestion Budgétaire – SIGB), however, it was not implemented within the specified deadlines. This was further compounded by the absence of a seamless, automated, and real-time interconnection between authorizing officers (ordonnateurs at ministries and directorates) and public accountants (at Wilaya treasuries).
- **The Burden of Double Data Entry:** During the transitional phases, agents often had to maintain the legacy budgetary system while simultaneously testing the new PCE, resulting in work overload and a high risk of data entry errors.
- **Lack of Reference to IPSAS Standards:** The State Chart of Accounts was not developed on the basis of International Public Sector Accounting Standards (IPSAS), which restricted its efficiency and reduced its compliance with international best practices.
- **Inadequacy of the Information System:** The computerized system designed for recording and processing financial operations was never fully finalized, constituting a major technical barrier to effective project execution.

2.4. Strategic and Financial Limitations:

- **High Cost of Reform:** Modernizing the IT infrastructure across all treasuries and maintaining continuous training initiatives demanded substantial and sustained budgetary allocations.
- **Absence of a Strategic Vision:** Despite launching the trial phase in selected pilot Wilayas, this experimental step did not undergo a rigorous feedback evaluation to correct system bugs prior to full generalization. Consequently, the practical application of the project encountered several constraints that halted its nationwide expansion.

The PCE project marked the first major attempt to modernize public accounting in Algeria. Its experimentation stalled in 2004, leading to the project being frozen in 2007. Over a decade later, a new reform emerged as part of a vast modernization effort for public finances. Initiated by Organic Law No. 18-15 relative to finance laws (LOLF) and structured by Law No. 23-07, this new initiative was launched to establish a comprehensive management approach focused on results and transparency. It is no longer merely a reform of accounting mechanics; it is a fundamental restructuring of public finance management.

3. The New Budgetary and Accounting Reform Enshrined in LOLF 18-15: General Context and Main Transformations Brought:

The budgetary reform focuses on adopting a strategic vision in both budget formulation and execution, alongside establishing a performance-based approach rooted in the principles of good governance. The Algerian LOLF (18-15), which profoundly modified the 1984 edict, introduces a triple reform spanning the budgetary, accounting, and public management dimensions. By doing so, it permanently places evaluation, public action performance, and accountability at the center of administrative priorities, while bringing striking mutations to the processes of preparing, presenting, executing, evaluating, and auditing public finances. In application of the LOLF's provisions, the State strategically introduced accrual accounting through Law No. 23-07 to rectify the deficiencies of the legacy system.

3.1. Public Budgetary System Reform:

For many years, Algeria has been engaged in a comprehensive movement to reform its public financial management system. This process culminated in the adoption of the new rules established by Organic Law No. 18-15, which came into effect regarding its preparation aspect starting in 2022, and in its execution phase with the rollout of the program-budget on January 1, 2023. This statutory framework profoundly altered the 1984 edict by systematically embedding evaluation, public policy performance, and managerial accountability into the core of governance. Consequently, it introduces radical and inevitable changes to the trajectory of preparing, presenting, executing, assessing, and auditing State finances and budgeting.

Indeed, it embraces a new paradigm of financial governance that enshrines performance-based budgeting, driven by principles completely distinct in both substance and objective, namely:

- **Creation of a New Architecture for the State Budget:** The new budget is structured around a comprehensive portfolio of program packages termed "missions." These missions encapsulate the specific programs that aggregate all credits allocated for the realization of well-defined public policies (La loi n° 18-15, 2018) (Art. 23). Furthermore, these appropriations are presented by activity and by title, grouping expenditures according to their economic nature.

Figure 01: The New Budgetary Structuring According to the LOLF



Source: Prepared by the authors based on (La loi n° 18-15, 2018)

The aggregate of these programs constitutes the "program portfolio" which is placed under the direct responsibility of the respective minister or head of the public institution, all contributing to the achievement of a specific mission. Programs, along with their subdivisions into sub-programs, actions, or sub-actions, are designed to implement public policies defined by the government to attain the objectives outlined within the "program budget" framework. Furthermore, a program encompasses all budget credits, which are classified by activity, the economic nature of the expenditure, the major functions of the State, and the administrative entities responsible for budget preparation and execution (La loi n° 18-15, 2018) (Art. 28).

- **Multi-Year Budgeting:** This principle follows a Medium-Term Budgetary Framework (MTBF) determined annually. For the upcoming fiscal year as well as subsequent years, this framework establishes the revenue forecasts, expenditure projections, the State budget balance, and public debt targets.
- **New Modalities for Designing and Formulating the Budgetary Framework:** The budgetary cycle initiates with the formulation of the program budget for year n by developing the Medium-Term Budgetary Framework (MTBF) for year $n+2$. Grounded in macroeconomic forecasting and the financial position of the Treasury, this framework determines the various resources and allocations available over a rolling three-year period. On this basis, projected expenditure trends are determined in tandem with revenue projections to derive a sustainable total expenditure envelope, which inherently requires an emergency reserve for contingencies. Within this framework, and pursuant to the Medium-Term Expenditure Framework (MTEF), ministers and heads of public institutions managing program portfolios formulate their proposals for years $n+2$. These proposals are detailed by program, sub-program (activity), and expenditure title (economic nature), taking into account the expenditure ceilings in Commitment Authorizations for years $n+2$ and Payment Appropriations for year n relative to each program portfolio. Consequently, budgetary credits provide a dual authorization and are voted through a two-tier system: Commitment Authorizations are voted for a three-year period, whereas Payment Appropriations are voted on an annual basis.
- **Efficiency and Utility of Public Expenditure:** This is achieved by linking each program and mission to precise objectives, expected results, and clearly identified performance indicators over the medium term, which are subsequently reviewed.
- **Enshrinement of Parliamentary Oversight:** This mechanism strengthens legislative control over government action through the systematic evaluation of public policies.

- **Mandatory Annual Reporting and Certification of State Accounts:** The Court of Accounts (Cour des comptes) is legally mandated to audit and certify the State accounts annually. This certification covers specific budgetary and financial documents (La loi n° 23-07, 2023)(Art 95): including: the balance sheet, the income statement, the cash flow statement, the statement of changes in net financial position, and the notes to the financial statements detailing the principal accounting rules, methods, and disclosures. These documents are synthesized to establish the General State Account (Compte général de l'État), which presents comprehensive information aimed at providing a true and fair view of the State's assets, liabilities, and overall financial position.
- **Timely Production of Financial Information:** Generating reliable, relevant, and timely budgetary, accounting, and financial disclosures, alongside legible summaries tailored to the data needs of decision-makers.
- **Integration of a Three-Dimensional Approach:** Embedding general, cost, and asset-based dimensions directly into the public accounting architecture.

3.2. Public Accounting System Reform:

Within the broader scope of reforming public financial management, including the accounting system, the LOLF has induced a complete overhaul of the legal framework governing public accounting. This was notably marked by the promulgation of Law No. 23-07 relating to public accounting and financial management rules, which effectively replaced the legacy Law No. 90-21. This structural reform articulates around two primary pillars, namely:

- **The Legislative and Regulatory Framework:** This pillar aims to introduce cost accounting and accrual accounting, shifting away from the legacy cash accounting system and drawing inspiration from International Public Sector Accounting Standards (IPSAS).
- **The Implementation of the State Chart of Accounts (PCE).**

The new Algerian accounting framework mandates the coexistence of a

three-dimensional accounting system (La loi n° 23-07, 2023) (Art. 65).

Table 01: The Triple Dimension of State Accounting Enshrined in the LOLF

Dimension	Objective	Type of Basis	Accounting Technique	Input	Output
Budgetary Accounting	- Tracking of budgetary authorizations; - Ensuring the regularity of budgetary and financial execution.	Cash/ Commitments	Cash basis	Budgetary execution	Execution status
General Accounting	-Management monitoring; - Financial and asset-based vision; -Foundation for cost accounting.	Accrual basis (Recognized Rights/ Obligations)	Accrual basis	Economic operations	Financial statements
Cost Accounting	Analyzing the effectiveness of programs.	Combined basis (of both)	Statistical method	Statistical data	Program costs (Public policy)

Source: Prepared by the authors

- **Budgetary Accounting:** Often referred to as "cash accounting," this dimension is grounded in cash-basis principles and is subdivided into commitment accounting and the accounting of budgetary revenues and expenditures. It tracks budget execution in terms of programs, objectives, and performance, as well as cash flows for the respective fiscal year, in compliance with the prevailing budgetary nomenclature (Décret exécutif n° 24-90, 22 février 2024).
- **Cost Accounting:** Maintained by the authorizing officer (ordonnateur) and derived from general accounting data, this dimension enables the calculation of cost prices and the expenditures of various actions undertaken within the programs, thereby facilitating the evaluation of their performance.
- **General Accounting:** Characterized as "accrual accounting" (recognized rights and obligations), this dimension is based on the

principle of recognizing assets, liabilities, rights, and obligations. It provides insight into the financial and asset position, ensures control over budgetary and cash operations, and determines the financial results at the closing date of the fiscal year for the public entities concerned. Its objective is to prepare and publish reliable financial statements by recording (La loi n° 23-07, 2023):

  - Budgetary operations;
- Cash operations;
- Transactions carried out with third parties, as well as suspense and adjustment accounts;
- The inventory of existing assets, including movable and immovable property, inventories, and inactive values;
- Depreciation, provisions, and revenues and expenses rattachable to the fiscal year.

The public accounting reform specifically aims to achieve the following (Ministère des Finances, Direction Générale du Trésor et de la Comptabilité, 2024):

- **Improving the Efficiency of Public Expenditure:** Notably through the availability of relevant, reliable, and true and fair information.
- **Establishing Financial Statements:** Accurately reflecting the asset heritage and financial position of the State and public entities, with the ultimate objective of establishing the certification of accounts by the Court of Accounts.
- **Guaranteeing Budgetary Sustainability:** Through the recognition of rights and obligations for the considered fiscal year.
- **Aligning with International Accounting Practices and Standards.**
- **Contributing to the Conception and Evaluation of Public Policies:** By measuring their impacts in terms of financial and asset evolution.

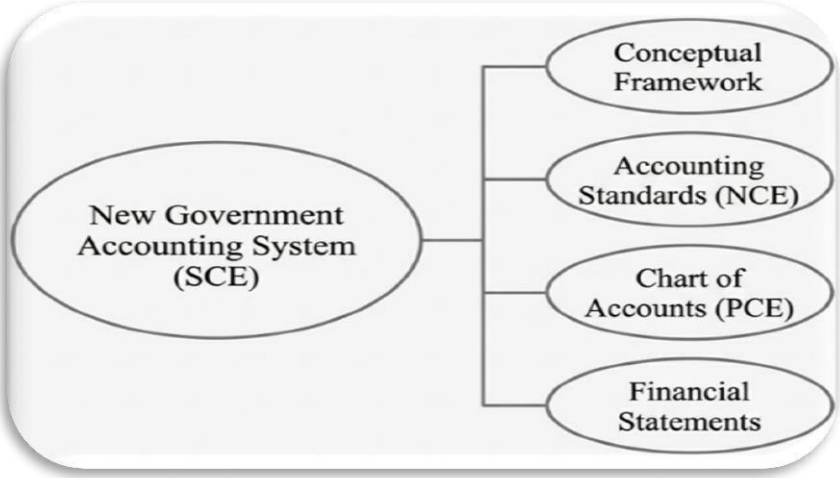
Implementing the foundations of this new public accounting framework through the establishment of a new State Accounting System (Système comptable de l'État – SCE)—which ensures the transition from cash accounting to accrual accounting inspired by IPSAS standards—essentially requires a conceptual framework for general accounting, accounting

standards, and a chart of accounts enabling the preparation of financial statements ((Décret exécutif n° 24-90, 22 février 2024) (Art. 37).

4. Context of Adopting a New State Accounting System in Algeria:

The core of the reform lies in adopting the principle of "recognition of rights and obligations" (accrual accounting), whereby transactions must be recognized in the fiscal year to which they relate, independently of their payment or receipt dates. In the first phase, IPSAS standards served as a benchmark to introduce a state accounting framework into national law. The second phase consisted of developing a State Chart of Accounts divided into account classes very similar to those of commercial enterprises, complete with operational rules and an annotated nomenclature of accounts. The third phase was dedicated to adapting these standards and the State Chart of Accounts to local authorities and administrative public establishments (EPA), ultimately enabling the production of reliable, true, and fair financial statements.

Figure 02: Main Phases of Establishing a New State Accounting System



Source: Prepared by the authors

4.1. An Adopted Conceptual Framework:

The conceptual framework of public accounting constitutes the set of general principles and interconnected concepts that underpin financial reporting (IFAC, 2020, p. 4). It forms the basis for standard-setters to develop public sector accounting standards, interpret them, and select the

appropriate accounting method when certain events are not explicitly addressed by a specific standard or interpretation. The essential content of this framework includes (Décret exécutif n° 24-90, 22 février 2024) (Art. 38):

4.1.1. Scope of Application:

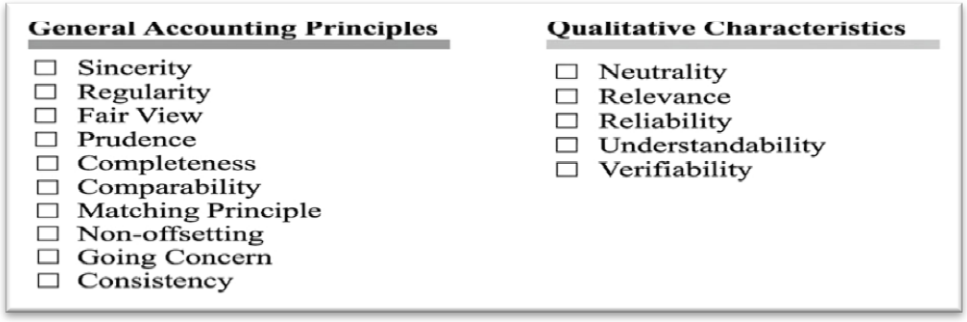
The boundaries of applying the conceptual framework encompass all public sector entities that prepare and present their financial statements utilizing accrual accounting and IPSAS standards, such as national, central, regional, and local administrations. These entities generally satisfy the aggregate of the following criteria (IPSASB, Edition 2022, volume I, p. 13):

- They are responsible for delivery of services to benefit the public;
- Their actions are funded principally, directly or indirectly, through taxes and/or transfers from other public structures, social contributions, or debt;
- Their activity is non-profit-making; in other words, their primary objective is not to generate profit.

4.1.2. Accounting Principles:

The conceptual framework for public accounts provides definitions of general principles and qualitative characteristics (Milot & Collignon, 2017, p. 71) that serve as the foundation for establishing true and fair financial statements.

Figure 03: General Principles and Qualitative Characteristics of the Conceptual Framework



Source : (Décret exécutif n° 24-90, 22 février 2024)

Each general principle and qualitative characteristic are an

indispensable element, inseparable from the other principles and characteristics, required to obtain useful data for achieving the outlined objectives and ensuring the quality of the financial information presented within the financial statements.

4.1.3. Definition and Recognition of the Net Position:

The conceptual framework also defines the "net position" as the difference between revenues and expenses, as well as between assets and (Milot & Collignon, 2017, p. 73).Implementing this component requires recognizing all asset and liability elements, alongside all revenues and expenses of the State or public entity, rather than merely recording cash inflows and outflows. This ensures comprehensive tracking of all assets and liabilities, including real estate heritage, equity participations, receivables, debts, risks, provisions, and transactions rattachable to the fiscal year identified during physical inventories.

4.2. A Compendium of State Accounting Standards (NCE):

State Accounting Standards (Normes Comptables de l'État – NCE) designate the set of harmonized rules, principles, and methods based on accrual accounting and often inspired by IPSAS standards, which serve as a foundation for countries—including Algeria—to develop their own accounting standards.

In Algeria, a first version of the NCE was drafted in 2014 based on the IPSAS standards published in 2005. Since 2019, a conceptual framework and a compendium of seventeen (17) accounting standards have been finalized, fourteen (14) of which are inspired by the 2015 version of IPSAS (French translation of 2018) and three (03) derived from the French accounting system (BOUSSAID, 2022, p. 177).This compendium is thus grounded in the principle of recognized rights and obligations, replacing the Treasury Chart of Accounts (Nomenclature des Comptes du Trésor – NCT), which was confined to recording cash collections. Specifically, it dictates (Décret exécutif n° 24-90, 22 février 2024)(Art.39) :

- The valuation and recognition rules for assets, liabilities, expenses, and revenues.
- The content and presentation format of financial statements.

Table 02: Reconciliation Between the State Accounting Standards (NCE) Proposed for Adoption in Algeria and Equivalent IPSAS Standards

NCE n°	IPSAS n°/ NC-Fr n°	Conceptual Framework Proposed for Adoption	Definition / Objective
NCE 1	**IPSAS 1**	**Presentation of Financial Statements**	Prescribe the basis for presentation of general-purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with those of other entities.
NCE 2	**IPSAS 2**	**Statement of Cash Flows**	Mandating the presentation of historical information regarding changes in cash and cash equivalents.
NCE 3	**IPSAS 23**	**Revenue from Non-Exchange Transactions**	Prescribe the accounting treatment for revenue arising from non-exchange transactions, such as taxes, transfers, grants, and donations.
NCE 4	**NC- Fr n°2**	**Expenses**	Define the State's expenses and the rules governing their recognition and valuation.
NCE 5	**NC- Fr n° 10**	**Cash and Treasury Components**	Cover the asset and liability elements related to the State's treasury operations.
NCE 6	**NC- Fr n° 11**	**Financial Instruments and Financial Liabilities**	Require disclosures that enable users to evaluate the significance of financial instruments, as well as the nature and extent of risks arising from them and how they are managed.
NCE 7	**IPSAS 36**	**State Equity Interests and Related Receivables**	Specify the procedures for applying the equity method when accounting for investments or equity interests within the public entity's financial statements.
NCE 8	**IPSAS 24**	**Presentation of Budget Information in Financial Statements**	Include within the financial statements, and disclose, a comparison between the budgeted amounts (forecasts) and the actual amounts resulting from execution, while providing detailed explanations of the reasons for material differences between financial planning and operational reality.
NCE 9	**IPSAS 17**	**Property, Plant, and Equipment**	Prescribe the rules governing the recognition and valuation of property, plant, and equipment

			controlled by the State and other public entities.
NCE 10	**IPSAS 31**	**Intangible Assets**	Prescribe the accounting treatment for intangible assets that are not dealt with specifically in other standards.
NCE 11	**IPSAS 19**	**Provisions, Contingent Liabilities, and Contingent Assets**	Prescribe the appropriate recognition criteria and measurement bases for provisions, contingent liabilities, and contingent assets, while providing sufficient disclosures regarding risks and contingent liabilities in the notes and schedules to the financial statements.
NCE 12	**IPSAS 9**	**Revenue from Exchange Transactions**	Determine the rules for the recognition and measurement of revenue arising from exchange transactions.
NCE 13	**IPSAS 12**	**Inventories**	Prescribe the accounting treatment for inventories, by determining the amount of cost to be recognized as an asset and carried forward in the balance sheet until the related revenues are recognized.
NCE 14	**IPSAS 43 (ex IPSAS 13)**	**Leases**	Establish principles for the recognition, measurement, presentation, and disclosure of leases, in order to ensure a faithful representation of the substance of these transactions by both lessees and lessors.
NCE 15	**IPSAS 21**	**Impairment of Non-Cash-Generating Assets**	*Determine the procedures that an entity must apply to review the carrying amount of its assets. *Specify the recoverable amount of an asset, and when the entity recognizes or reverses an impairment loss (if the carrying amount exceeds its recoverable service amount)> *Specify the circumstances under which an entity must reverse an impairment loss to ensure its actual capacity to deliver services.
NCE 16	**IPSAS 3**	**Net Surplus or Deficit for the Period, Fundamental Errors and Changes in Accounting**	Prescribe the criteria and rules governing the selection and changing of accounting policies, along with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates, and corrections of fundamental errors.

		Policies	
NCE 17	**NC- Fr n°9**	**Current Receivables**	Prescribe the rules for the recognition and measurement of receivables owed to the State by customers for sales of goods or services, as well as receivables due from taxpayers.

Source: Prepared by the authors based on (IPSASB, 2015) (IPSASB, 2025) (Deloitte, January 2024)

However, these standards have not been effectively applied, as their implementation remains conditioned upon the activation of the accrual accounting principle. This principle, in turn, requires the establishment of an opening balance sheet based on an exhaustive inventory of the State's heritage—a task that has not yet been achieved due to the absence of an integrated information system capable of managing this operation and guaranteeing its reliability. Currently, our State faces the challenge of conducting an inventory and valuation of its immense public heritage spread across the wilayas. To overcome this hurdle, it is proposed to adopt a bottom-up inventory approach originating from local authorities, focusing primarily on assets of high financial significance, alongside establishing a specialized central directorate dedicated to asset valuation.

4.3. A New State Chart of Accounts (PCE):

The chart of accounts is a regulatory document that aggregates all the rules and principles governing asset valuation and bookkeeping required to construct the State's accounting. It serves as an essential tool for classifying, managing, informing, auditing, and analyzing the financial operations of public entities, drawing heavily from accrual accounting techniques (Décret exécutif n° 24-90, 22 février 2024)(Art. 40).The accounts within the PCE are grouped into homogeneous categories designated as "classes."

The first five classes, numbered from 1 to 5 and classified as balance sheet accounts, comprise the following (Ministère des finance, DGC, juin 2021) :

- **Class 1: Long- and Medium-Term Resource Accounts:** These accounts represent the State's long-term resources. They aggregate integration or counterpart accounts for fixed assets, retained earnings, the financial result of the fiscal year, Treasury bonds maturing in over

one year, project loans, program loans, endorsed debts, internal accounts, and provisions for risks and charges. Effectively, they consist of equity accounts representing the State's net worth alongside long-term debt accounts.

- **Class2:Fixed Asset Accounts(Comptes d'immobilisations):** Accounting fixed assets correspond to goods intended to serve the public entity's activity in a durable manner. They are subdivided into three categories: intangible assets, tangible fixed assets, and financial assets.
- **Class 3: Inventory and Work-in-Progress Accounts:** Inventories are assets held for sale in the ordinary course of operations, in the process of production for such sale, or intended to be consumed in the production process or rendering of services in the form of raw materials or supplies.
- **Class 4: Third-Party Accounts (Comptes de tiers):** Third-party accounts record receivables and payables related to non-exclusively financial transactions, generally undertaken in the short term. They enable the tracking of the State's recognized rights and obligations regarding revenues and expenses.
- **Class 5: Cash Accounts (Financial and Assimilated Accounts):** Cash accounts record movements of values in cash, checks, as well as transactions executed with financial institutions.

The two classes numbered 6 and 7, designated as management accounts (comptes de gestion), relate to (Ministère des finance, DGC, juin 2021) :

- **Class 6: Expense Accounts:** Expense accounts track sums or values paid or payable in exchange for goods, supplies, works, and services consumed by the public entity, as well as benefits granted to them in execution of a legal or exceptional obligation. They also incorporate depreciation and provision allowances, alongside the net book value of asset elements sold, destroyed, or lost. Class 6 in the PCE aggregates accounts destined to record the fiscal year's expenses by nature, including the standard operating costs of the service (functioning), financial management (interest charges), and exceptional expenses.

- **Class 7: Revenue Accounts:** Revenue accounts specifically record income that increases the net heritage of the State without a direct counterpart (sovereign fiscal revenues/taxes) and other revenues that carry a direct counterpart of equivalent value for third parties (sales of goods or services, disposals or use by third parties of intangible, tangible, or financial assets, etc.), thereby measuring financial performance.
- **Class 8**, which covers **"Off-Balance Sheet Commitments"** accounts, tracks rights and obligations liable to modify the amount or structure of the public entity's heritage.

It is critical to note that the 2- and 3-digit accounts presented in the nomenclature are mandatory for presenting the State's financial statements. This presentation must strictly adhere to the provisions contained within the Conceptual Framework, accounting standards, and general accounting principles. Furthermore, starting January 2, 2025, the State's accounting operations are executed in accordance with the PCE using a cash-oriented perspective via the Treasury Information System (Système d'information du Trésor – SIT) (DGTC, 29 décembre 2024), which will eventually guarantee the full application of accrual accounting based on recognized rights and obligations, thereby addressing the dilemma of this transitional phase.

4.4. Accountability Through the Presentation of Public Financial Statements:

Each of the three types of accounting implemented by the reform produces distinct financial information (kott, 2016, p. 1070), which subsequently allows for transcribing the State's financial position into structured financial statements. These statements represent a structured financial depiction of events affecting the operations carried out. They are established annually by public accountants and comprise (Décret exécutif n° 24-90, 22 février 2024)(Art.41) (IPSASB, 2025, p. 169):

- **The Balance Sheet** (or Statement of Net Financial Position), describing the elements of assets and liabilities.
- **The Statement of Financial Performance** (or Income Statement), subdivided into three parts: a statement of net expenses for the fiscal

year, a statement of net sovereign revenues, and a statement determining the balance of the fiscal year's operations.

- **The Cash Flow Statement**, indicating the movement and variation of net cash, distinguishing between the operating cycle, capital investments, and financing operations. It informs on the origin and destination of cash flows during the fiscal cycle (generally one year).
- **The Statement of Changes in Net Financial Position**, tracking the evolution of net heritage between the beginning and the end of the fiscal year.
- **The Notes to the Financial Statements (Annexes)**, presenting additional information useful for understanding and interpreting the data shown in the financial statements. These appear in the form of detailed tables expanding upon specific elements of the balance sheet, income statement, cash flow statement, and statement of changes in net financial position.
- **A Comparison of Budgeted and Actual Amounts**, presented either as a separate complementary financial statement or as a dedicated "budget" column within the financial statements.
- **Disclosures** containing a summary of the principal accounting methods and other explanatory notes.

Under the LOLF, public accounts are subject to certification by the Court of Accounts, covering all documents used to establish the General State Account to ensure a true and fair view of the State's financial position. This new mission involves auditing public accounts for accuracy and transparency, particularly regarding State resources and their utilization. Through certification or reporting on account quality, the Court verifies that accounts are regular, sincere, and faithfully represent management results and heritage.The certification process ensures that accounting information is reliable and all operations are transparent.

An annual certification report, compliant with principles of regularity, sincerity, and fidelity, must accompany the draft budget settlement law.

5. Conclusion:

The study has examined the public accounting reform in Algeria in light

of the requirements of International Public Sector Accounting Standards (IPSAS). Accounting reforms in Algeria have undergone an evolutionary trajectory marked by phases of advancement, stagnation, and revival. This progressive development of the public accounting system, spanning from Law 90-21 to Law 23-07, reflects a growing commitment to modernization and alignment with international standards. Although the State Chart of Accounts (Plan Comptable de l'État – PCE) project was launched in 1995 with international support, it encountered major constraints that ultimately led to it being frozen in 2007—most notably the absence of a parallel budgetary reform and the inadequacy of the information system—before being reactivated in 2024.

Organic Law 18-15 constituted a genuine turning point by driving the transition from a resource-based logic to a results-oriented approach, while establishing the principle of accrual accounting as an explicit legal mandate. Furthermore, Law 23-07 consolidated the reform at a practical level by regulating the rules of general accounting and introducing physical inventory practices, depreciation, and cost accounting.

Currently, the State faces the critical challenge of conducting an inventory and valuation of its immense public heritage spread across 58 wilayas. To overcome this hurdle, it is proposed to adopt a bottom-up inventory approach originating from local authorities, focusing primarily on assets of high financial significance, alongside establishing a specialized central directorate dedicated to asset valuation. Another major structural challenge resides in the fragmentation of the Integrated Budgetary Information System (SIGB), which remains under development and has not yet reached the phase of effective operational deployment.

Accordingly, the following recommendations are proposed:

Executive Recommendations:

- Accelerate the establishment of a specialized central directorate for public asset valuation and management.
- Strengthen the oversight role of the Court of Accounts through specific audit guidelines for accrual-based statements.
- Adopt a phased roadmap prioritizing inventory completion across all

69 wilayas.

- Institutionalize continuous coordination between the Ministry of Finance, line ministries, and local authorities.

Technical Recommendations:

- Finalize the development and deployment of the Integrated Budgetary Information System (SIGB) to ensure interoperability between budgetary, general, and cost accounting modules.
- Establish an IPSAS-aligned asset classification and valuation framework.
- Design and deliver dedicated training programs for all accounting personnel on accrual accounting, depreciation, and asset valuation.

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