

Foreword

The effectiveness of public organizations' financial management systems can be strengthened by establishing procedures that ensure ongoing accountability aimed at creating a preventive environment that does not promote or encourage fraud and other types of wrongdoing. An effective financial management system imposes accountability by collecting and reporting complete and accurate information in a timely manner, thus limiting the opportunities for irregularities. A strong financial management system also contributes to and provides a basis for effective performance measurement that can assist the decision-makers in planning, program implementation and carrying out evaluations that highlight the impact of funds spent on programs focused on public needs.

The reliability of financial information, although important, is not the sole objective of modern public organizations' financial information or accounting systems. An effective accounting system should help to achieve other objectives including the maintenance of fiscal sustainability and the avoidance of fiscal crises. To achieve these objectives, it is important that accrual accounting identifies all costs of services and goods provided. Accrual accounting provides a comprehensive and integrated accounting system that enables transparent reporting. Such clear and accurate financial data creates public trust, which is correlated with economic development. It can also reduce transaction costs and can be a key factor in building networks and social cohesion.

Strengthening financial management systems has long been of interest to the ICGFM. ICGFM has introduced a Compilation and Certification Program for Developing Countries that is in the process of implementing the International Public Sector Accounting Standards (IPSAS). We begin this issue of our Journal explaining the components of the Compilation and Certification Program for Developing Countries with the objective of helping to improve both the quality and comparability of financial information reported by government entities for external users.

The second article provides an overview of the Nigerian accounting system. The author of the article states that Nigeria is faced with the challenges of transparency and accountability in its present cash-based budgeting system. Initiatives to ensure transparency of public accounts must be taken to prevent the occurrence of wrongdoing in the public sector. The article presents information on the effects of the adoption of accrual-based budgeting in the Nigerian public sector based on the results of qualitative research conducted by the author and others.

Our third article is also from Africa. Ghana, as in other developing countries, has implemented reforms aimed at promoting a culture of performance, and making the public sector more responsive to the public needs. Economic reforms should be supported by strong public accounting. The public sector accounting education system in Ghana still needs to change. The author of the article demonstrates that universities, in their educational offerings, have not fully adapted to the needs of the public sector. The article makes the point that collaboration between academic and government financial institutions needs to be fostered and strengthened.

In the fourth article, the author states that in most developing countries the absence of appropriate conditions and environment for better performance and transparency, and results-based accountability will hinder the implementation of performance budgeting. The article describes advantages of performance budgeting and presents, a specific framework that can enable the successful implementation of performance budgeting in the public sector in developing countries.

The final article presents an analysis of the impact of local elections in Indonesia on the level of

various public sector expenditures. The author makes the assumption that an elected official with financial decision-making authority, when seeking re-election has an opportunity and a tendency to politicize local government budgets to support his/her re-election. The article points out that grant expenditures and social aid expenditures are the most probable parts of local government budgets that could be manipulated by the incumbent in a re-election effort. The author presents data that could be used to establish whether incumbents manipulate local government budgets to achieve their political goals. Although the author does not specifically address the issue of using accrual accounting to ensure accountability and transparency in public transactions, the article describes budgeting situations that call for accountability and transparency.

We hope the articles in this issue will stimulate discussion on contemporary problems of accounting in public organizations. If you would like to participate in such discussions please start thinking about contributions for the next issue of this Journal, participating in the ICGFM blog, and/or attending future ICGFM events. We would also be pleased to receive reviews and suggestions of other resources that we should refer to in future issues. Send them to icgfm@icgfm.org.

We look forward to hearing from you!

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