

Preface

ABOUT THE SUBJECT

The recent global financial and economic crisis has had surprising effects on several economies worldwide, and has promoted the discussion on how ethical, transparent and rigorous the accountability of public sector institutions is. However, the public managers' accountability is translated into a vision that goes beyond its sphere of activity, demanding information on how public resources have been managed based on the maximization of social welfare and sustainable development.

The reforms that have been undertaken within the public sector were triggered by the new vision of the State's role which has been designated by the New Public Management (NPM). Public management, considered as a set of decisions aimed at motivating and coordinating people to achieve goals and individual/collective objectives, focuses on tools, techniques, knowledge, and skills crucial to achieve those objectives. Thus, public management has been guided by a greater autonomy, responsibility, scarcity of resources, and pressures to improve financial management regarding citizens as the main public services customers. Efficiency, effectiveness and an economic use of public resources are required from the public manager.

In the context of these reforms, accountability has become increasingly important. Underpinned in NPM assumptions, it is common sense that these reforms should be carried out through a progressive introduction of management tools, performance evaluation, and reporting of financial/non-financial indicators suitable for the public sector institutions. Another issue that becomes relevant in this context is the controlling and risk management. Risk management provides very important information which allows managers to gain awareness of failures which may exist in the organizational structure, and thus be able to rigorously control the existing risks. Accordingly, so that the process of risk identification, risk assessment, and risk validation can become effective, there must be an effective internal control system and regular audits must be performed to ensure confidence towards applicable policies and the legal framework.

Risk management also gains high importance to stakeholders, in particular to citizens and political bodies, because it makes the information produced more reliable as a basis for assessing the performance and production of macroeconomic indicators.

Moreover, the information society requires the dissemination of information about how management is being conducted and the results that are being achieved as a necessary form of transparency of the public management. These reforms will allow public management oversight by the citizens and other regulatory entities, which can help increase citizens' confidence levels.

This book gathers several coherent chapters, which allow, on a scientific basis, to discuss at an international level the future avenues of development in the field of Public Accounting and Control in Public Management. The creation of an independent publication with the goal to spread worldwide the findings of theoretical, empirical and experimental studies can be a fruitful tool to promote the tools, strategies, and Practices for modern and accountable public sector management.

EXPECTATION

Editors intend this book to be useful for regulatory authorities and researchers in the field of accounting for public sector, public management, internal control and auditing as well as for public managers to become aware and realize how the several tools can be used to ensure accuracy and transparency of public management acts and to improve efficiency and effectiveness of public administration. Through dissemination of the research findings on the rigor and transparency of public institutions, this publication will also be valuable to develop and inspire further research studies by students in postgraduate courses with research interests in public accounting and management. As this book is an update of some selected chapters of books *Global Perspectives on Risk Management and Accounting in the Public Sector* and *Handbook of Research on Modernization and Accountability in Public Sector Management*, it represents a more mature and current contribution of the theme to the scientific community.

This book aims to achieve the following main objectives:

- Reflect on the processes of adoption of new reporting models in the public sector, namely the International Public Sector Accounting Standards, their suitability, and adjustment regarding the present proposals from the standard-setting regulators focused on the citizen as an active element in the accountability process of public institutions.

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- Disseminate methodologies and processes that could allow collaboration among public institutions, regulatory entities, and those that guide their behavior on consistent values of ethics, rigor, transparency and accountability.
- Document the tools of management/control that can be used as enforcement mechanisms of transparency and accountability in the public sector.
- Analyze on the performance management systems that could foster the democratization of information.
- Discuss the control and risk management processes.

ORGANIZATION OF THE BOOK

This book is organized into 11 chapters. The first four chapters are focused on the contextualization of the reforms resulting from the New Public Management. Thus:

Chapter 1: *Be Attentive to Public Employees – they are the Source of Mentality and Health of Public Administration* – discusses the conditions which public administration operates and the role of the human factor (innovations, creativity, skills and competences) in the reforms regarding the New Public Management.

Chapter 2: *Accounting reforms for accountable public sector management: a Sri Lankan study* – analyze the progress and the challenges in adopting IPSAS as a New Public Management reform in Sri Lanka to enhance public sector accountability.

Chapter 3: *Reporting entity in the consolidated financial statements: theory and case study* – aims to contribute to the debate on consolidated financial statements both from the theoretical and empirical points of view. The chapter also presents a case study.

Chapter 4: *The process of modernization of the public accounting systems in the Central American Countries* – has a twofold objective. On the one hand, valuing from the Model of Contingency of the Professor Lüder, the influence of the environment in the implementation of processes of innovation in systems of government financial management in the Central American region. On the other hand, analyze the main implementation strategies in the process of adoption or adaptation of IPSAS in these countries.

Chapters 5 and 6 address issues on accountability and transparency in the public sector. Thus:

Chapter 5: *Research methods and methodologies used in studies on social accounting* – discusses the roles and effects of the paradigms in accounting research, in general, and social accounting research in particular, aiming to know and understand the research lines that better define a theoretical scope of analysis for the social accounting practice.

Chapter 6: *Accountability practices and its importance for the management of public sector entities - a literature review* – this chapter is an attempt to carry out a literature review, as a way of getting to know the different approaches to the concept, as well as getting to know the mechanisms that have been created in order to give explanations whether for the performance or accomplishment of a responsibility and if this is inherent to the responsibilities of the public officials.

Chapters 7 and 8 provide some knowledge about practices of information disclosure and dissemination. Thus:

Chapter 7: *Internet Financial Reporting in Local Governments: an Empirical Study in the MERCOSUR Countries* – analyses, in the transnational comparative research, if the practice of disclosure of financial information over the Internet by local governments of MERCOSUR countries has been considered to increase the transparency of government.

Chapter 8: *Disclosure of financial information via the internet by the Portuguese local authorities* – aims to assess the level of disclosure of financial information on the websites of local authorities in Portugal and the identification of possible factors that may influence the level of disclosure.

Finally, the last three chapters' address issues concerning the performance measurement systems, risk management systems, and internal control as tools which can improve the management of public institutions. Thus:

Chapter 9: *Effects of patients' mobility on healthcare systems: a dynamic performance management view* – investigates healthcare mobility issues by adopting a dynamic performance management view, i.e. combining building blocks of performance management and system dynamics.

Chapter 10: *Organizational Risk Management Plan: the Application of FMEA Methodology* – presents the results of the application of the Failure Mode and Effects Analysis methodology, within the scope of the Organizational Risk Management Plan, in the Municipal Division of Contract Works and Concessions of Oliveira de Azeméis City, Portugal.

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Chapter 11: *The Implementation of Internal Control in the Financial Services Expenditure in a Hospital Department: A case study* - analyses existing procedures and controls in the expenditure department of a public hospital, considering the human, material and technical resources available to the systematization of effective control practices and the identification of key internal control vulnerabilities, and proposes actions to mitigate the some vulnerabilities and a structure for an internal control manual as a tool to promote the legality and efficiency of the management of public funds, as well as to prevent fraud.

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