

A Growing Demand for Public Sector Accounting Education

Our world has undergone substantial transformations over the past two decades, including the 2008 financial crisis, followed by the European sovereign debt crisis, both of which significantly affected the public sector. In addition, the global anti-corruption movement is gaining momentum at an exponential rate and governments are responding accordingly. As the world and the accountancy profession adjust to these global transformations, public sector finances have become increasingly complex. Because of this increasing complexity, public confidence in governments' ability to manage public sector finances is being affected.

These circumstances have generated a strong push to hold governments accountable by enhancing public sector governance systems—particularly their transparency and integrity, and the quality of public financial management (PFM). As accountants and auditors are a cornerstone within governance, expectations for the accountancy profession have increased, resulting in an increased demand for high-quality standards and the equally high-quality implementation of such standards.

Kenya and Zimbabwe are great examples of countries' efforts to improve accountability and increase transparency. Both governments have initiated PFM reforms, including migrating from cash-based to accrual-based accounting and developing public sector capacity-building initiatives to ensure sufficient accountancy talent to support the move toward International Public Sector

Accounting Standards (IPSAS) adoption and implementation. These efforts improve transparency, efficiency and effectiveness and curb the misuse of public funds.

The pace and scale of accrual-based accounting adoption is on the rise across governments. [The number of governments](#) reporting on an accrual-accounting basis is anticipated to more than double over the next four years, with the majority of the reporting (73%) based on IPSAS as compared to only 51% today. In addition, the accounting standards are themselves evolving at a time when IPSAS implementation already faces challenges including:

- PFM landscape complexity;
- Limited IPSAS-implementation expertise within the public sector; and
- A low-level of accounting literacy among reported information users.

Accounting Education Implications

Current and aspiring professional accountants need to be properly trained to support sound financial management in such a dynamic and complex public sector environment. Proper training would also better enable accountants working in the private sector to manage public sector constituents and transactions, for example in public-private partnerships. A good grasp of both public and private sector accounting would also enhance mobility of professional accountants between the respective job markets.



The Personal Perspectives series presents IAESB members', technical advisors', and other stakeholders' visions on challenges affecting aspiring and current professional accountants' learning and development.

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International Education Standards

Despite the overlap between public and private sector accounting theory, the IESs are perceived to be private sector-oriented. Most importantly, research by the IAESB's Public Sector Accounting, Reporting and Assurance Task Force suggests that there are some key differences that fall into three types.

- Differences relating to perspective/absence of public sector references
 - For example, references to business but not public sector entities and to IFRS but not to IPSAS or EPSAS.
- Substantive gaps due to competencies and related knowledge requirements that are sector specific
 - For example, no references to “public debt and its potential impacts on economic activity levels, economic regulation and fiscal governance” or “taxation from the tax collector’s point of view” both of which are key public sector-specific knowledge areas.
- Differences pertaining to highly specialized areas
 - For example, the focus on financial statement audits when compliance and performance audits are equally important and relevant in a public sector context.

Public Sector Accountancy Curricula

Grounded in the learning outcomes approach, the IAESB has developed implementation support material, [Illustrative Example for Designing Learning Outcomes for Curricula that Meet Public Sector Accountancy Needs](#). This document addresses the first two items above to illustrate how IES implementation may be adapted to create curricula for public sector accountancy education. In addition, this document identifies key concepts for public sector accounting curricula that are core to understanding the public sector role and its accounting information needs.

The [learning outcomes approach](#) “embodies the idea that learning and development experiences are most effective when based on what the individual needs to demonstrate.” Accordingly, this implementation guidance supports accountants who need to demonstrate proficiency in supporting sound PFM and enhancing the effectiveness and the transparency of public governance systems around the world.

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