Preface

ABOUT THE SUBJECT

The recent global financial and economic crisis has had surprising effects on several economies worldwide. This global event has promoted the discussion on how ethical, transparent and rigorous 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, particularly 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.

In addition, 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 in public management.

These reforms will allow public management oversight by the citizens and other regulatory entities, which can help to 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.

EXPECTATIONS

The 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 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 could also be valuable to develop and inspire further studies by researchers and students in postgraduate courses, whose research interests are related to public accounting and management.

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 member in the accountability process of public institutions;
- 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;
- Reflect on the decentralization and dematerialization of public services as a means to make public services closer to citizens and to render them in a more efficient way;
- Document the tools of management/control that can be used as enforcement mechanisms of transparency and accountability in the public sector;
- Analyze 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 twenty chapters. The first six chapters are focused on the contextualization of the reforms resulting from the New Public Management. In particular, they address topics related to the change of mentality and to the adoption of accounting practices which allow the measurement of efficiency and effectiveness of public management. Thus:

- Chapter 1 - The Awareness of Mentality in Public Administration as the Key for the Management of its Complexity - discusses, in the context of reforms regarding the New Public Management, the conditions the public administration operates and the role that the change of mentality can play in the public management and its complexity.
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- Chapter 2 - *Public Administration in the Era of Late Neo-Liberalism: Placement Professionals and the New Public Management Regime* - focuses on the introduction of new forms of government and administration according to the New Public Management principle, and on the introduction of accounting practices representing a controlling and legitimating strategy. The authors discuss the extensive introduction of accounting practices according to the forms of their implementation with the help of a qualitative analysis of interviews to managers and specialized personnel.

- Chapter 3 - *Exploring the New Public Management (NPM) - Based Reforms in the Public Sector Accounting: A Sri Lankan Study* - explores the process of adopting the International Public Sector Accounting Standards (IPSAS) as a New Public Management based reform in Sri Lanka as a less developed country. The authors use a framework to highlight the importance of reforms and of changes in the area of public sector accounting with the main purpose of evaluating the extent to which the Sri Lankan public sector adopted IPSAS based accounting reforms and the limitations of adopting these standards in a less developed country.

- Chapter 4 - *Potential Uses and Usefulness of Italian Local Government Consolidated Financial Reporting: The Case of the Town Council of Brescia* - provides a discussion of the boundaries of the consolidation performed by comparison with international experiences as well as a critical analysis of the Italian proposal and identification of its strengths. The chapter also presents a case study.

- Chapter 5 - *Modernization of Governmental Accounting Systems: Situation in the Central American Region* - has a twofold objective: on the one hand, using the Contingency Model, to evaluate the influence of the environment on the reform of government financial management systems in Central America; and, on the other hand, to analyze the main strategies applied in the adoption or adaptation of Public Sector Accounting Standards in these countries.

- Chapter 6 - *The Influence of Accounting Information in the Re-election of the Mayors in Portugal* - focuses on the changes recommended by the New Public Management in public accounting and their special attention and importance to the evaluation of the mayor’s performance by citizens/voters. Taking the agency theory as a point of departure, the authors aim to assess whether the accounting information produced and disseminated by the Portuguese municipalities has an impact on the re-election of Portuguese mayors.

The next chapters provide reflections on decentralization and dematerialization of the public services. In this way:

- Chapter 7 - *Commercialization of Local Public Services* - takes the principle that the New Public Management involves the introduction of organizational and management structures derived from the private sector. This chapter has as main aim to observe the effect of the decentralization process of local public services and the impact on revenues and financing.

- Chapter 8 - *A Literature Review on Quality Models for Online e-Government Services* - carries out a bibliographic review and analyzes relevant methodologies that are used to measure the quality of two types of services: traditional and e-Government services. This chapter is the first step in a path that will lead to the creation or adaptation of a methodology that is capable of globally evaluating the quality of services in a local online e-Government context, by focusing on the dimensions of several existing methodologies.
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- Chapter 9 - **Governance in NHS Foundation Trusts: Insights from Company Secretaries** - has as main purpose to examine the range of theories proposed by researchers to explain the Foundation Trust (FT) model and highlight the gaps and inconsistencies within the mutual, commercial and democratic frameworks. Through a series of semi-structured interviews and questionnaires, the FT company secretaries’ insights are considered and form the basis for analysis and recommendations to how the conceptual and practical gaps in the governance of FTs might be addressed.

Chapters 10 and 11 cover issues on accountability and transparency in the public sector. Thus:

- Chapter 10 - **The Importance of Accountability Practices in the Public Sector: Literature Review** - is an attempt, considering the importance of accountability, in the context of the New Public Management, to carry out a bibliographic review, as a way of getting to know the different approaches to the concept as well as coming to know the mechanisms that have been created in order to give explanations whether for the performance or the fulfillment of a responsibility and, if inherent, the responsibilities of the public officials.

- Chapter 11 - **Transparency as a Determinant of Local Financial Condition** - focuses on the doctrinal components of the New Public Management. It is important to emphasize accountability and transparency as well as to enhance discipline and the economical use of resources as the several financial scandals around the world have intensified the interest in topics such as transparency, corruption and public resource management.

Chapters 12 to 14 provide some knowledge about practices of information disclosure and dissemination (financial and sustainability reports). Thus:

- Chapter 12 - **The Determinants of Sustainability Reporting of the Portuguese Public Sector Entities** - analyzes the level of disclosure of Corporate Social Responsibility in the sustainability reports of the Portuguese public sector entities from 2008 to 2012, prepared in accordance with the guidelines of the Global Reporting Initiative. The authors also intend to determine the factors that influence this level of disclosure.

- Chapter 13 - **Online Financial Transparency: Local Governments of the MERCOSUR Member Countries** - analyzes, in a comparative manner, whether the practice of disclosure of financial information via the Internet by the local governments of the countries of MERCOSUR (Argentina, Brazil, Paraguay, Uruguay, and Venezuela) has been taken into consideration in order to increase the financial transparency of public administration.

- Chapter 14 - **Local Authorities and the Disclosure of Financial Information via the Internet: The Portuguese Case** - draws attention to the necessity of efficient management systems in order to rationalize the financial resources and disseminate transparent, accurate and consistent economic and financial information. The authors aim to assess the level of disclosure of financial information on the websites of local authorities in Portugal and to identify factors that may influence it.
Chapters 15 to 18 are insightful regarding Performance Measurement Systems (PMS) and Management Accounting Systems as tools which can improve the management of public institutions. Thus:

- **Chapter 15 - Performance Measurement in Public Networks: Developing a PMS for Network Actors and Network Managers** - outlines the development of a Performance Measurement System to support management and evaluation of public networks from the perspective of the individual actors operating within the network and the managers with responsibilities for the activity of the entire network.

- **Chapter 16 - Determinants of the Design and Use of PMS in Portuguese Government Agencies: A Complementary Theoretical Approach** - has the objective of helping to clarify the unanswered issues concerning the design and use of Performance Measurement System in the public sector using the institutional theory (isomorphism perspective) and the contingency theory. The employment of this complementary theoretical approach can help to clarify whether PMS are developed to serve political and/or managerial purposes. This is the first research study of this field applied to Portuguese government agencies and departments (prior studies are more focused on local government).

- **Chapter 17 - Performance Measurement Perceptions in Romanian Higher Education** - involves a discussion of fundamental theoretical aspects regarding performance measurement in the public sector and higher education, and investigates performance measurement of Romanian higher education and the indicators used to measure performance. This study gives qualitative evidence from a cross-section of Romanian universities.

- **Chapter 18 - The Role of Management Accounting Systems in Public Hospitals and the Construction of Budgets: A Literature Review** - presents a literature review on the role of management accounting systems in the construction of budgets in the public health sector. This review allows to understand the loss of relevance of traditional budgeting techniques and to present alternative approaches. As public hospitals are organizations that significantly depend on public funds, with substantial impacts on governments’ budgets, the pressure to reduce expenditures is strong and causes increased difficulties in hospital management, which is becoming more and more complex every day.

Finally, the last two chapters address issues concerning risk management in public institutions. Thus:

- **Chapter 19 - Plan for Prevention of Risks of Corruption and Related Infractions: 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 a Portuguese municipality. The application of this methodology establishes a bridge between risk management and the Plan for Prevention of Risks of Corruption and Related Infractions, describing the application of this methodology and referring the levels of severity, occurrence and detection of a specific failure, which are essential in the implementation process.
Chapter 20 - Risks in Implementing EU Funded Projects in Romanian Public Higher Education System: Measures for Better Institutional Response - briefly presents the architecture of the operational programs for the years 2007-2013 exercise as well as for the years 2014-2020 (funding for regional and cohesion policy of the European Union), with the objective of developing a risk profile for the most representative public higher education institutions in Romania as institutions benefiting from the European Union financing, and drawing conclusions on how the proposed model could be used in order to improve the activity in the specific field of interest and on how the use of such tools could be further enhanced.

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