

WHY PUBLIC SECTOR ACCOUNTING REFORMS CONSISTENTLY FAIL TO DELIVER REAL TRANSPARENCY AND ACCOUNTABILITY

POR QUE AS REFORMAS DA CONTABILIDADE PÚBLICA CONSISTENTEMENTE FRACASSAM EM ENTREGAR VERDADEIRA TRANSPARÊNCIA E ACCOUNTABILITY

POR QUÉ LAS REFORMAS DE LA CONTABILIDAD DEL SECTOR PÚBLICO FRACASAN CONSISTENTEMENTE EN OFRECER TRANSPARENCIA Y RENDICIÓN DE CUENTAS REALES

Arthur Mesquita Camargo¹

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ABSTRACT

Over the past decades, governments worldwide have promoted accrual-based accounting reforms inspired by the New Public Financial Management (NPFM) agenda, seeking to strengthen fiscal transparency and managerial accountability. Yet, in many jurisdictions, particularly in developing countries and late adopters, the promised outcomes have remained largely unfulfilled. This study raises a key question: why do public sector accounting reforms consistently fail to deliver genuine improvements in transparency and accountability, despite formal convergence with International Public Sector Accounting Standards (IPSAS)? Using a qualitative, multi-method design, the paper explores the institutional and operational dynamics shaping the outcomes of these reforms. Comparative case studies from Australia, New Zealand, Brazil, Greece, Spain, Portugal, and Italy reveal that legal adoption of accrual standards often conceals symbolic compliance and persistent fiscal manipulation. Three main insights emerge: (i) legal alignment with IPSAS is necessary but insufficient to enhance fiscal governance; (ii) enforcement institutions and real-time reconciliation mechanisms are decisive in mediating reform results; and (iii) despite abundant accrual data, its integration into decision-making remains limited by institutional inertia and reporting complexity. The study concludes that meaningful reform requires not only technical adoption, but also embedding accrual information into managerial routines, developing user-centered dissemination strategies, and fostering a robust ecosystem of accountability. These findings contribute to public financial management literature by providing a governance-centered explanation for the persistent gap between accounting sophistication and practical accountability.

Keywords: New Public Financial Management. Accrual Accounting. Fiscal Transparency. Public Sector Reform. Accountability. IPSAS. Public Financial Management.

RESUMO

Nas últimas décadas, governos em diferentes contextos têm adotado reformas contábeis baseadas

¹ PhD in Accounting and Financial Market, Universidade de Brasília, Brasília, Distrito Federal, Brazil.
E-mail: arthurmesquita@rbcip.org Orcid: <https://orcid.org/0000-0002-3233-764X>

no regime de competência, inspiradas na agenda da Nova Gestão das Finanças Públicas (NPFM), com a promessa de ampliar a transparência fiscal e a accountability gerencial. No entanto, em muitas jurisdições, especialmente em países em desenvolvimento ou que aderiram tardiamente, os resultados permanecem limitados. Este estudo coloca uma questão central: por que as reformas da contabilidade pública frequentemente não conseguem gerar avanços concretos em transparência e accountability, apesar da convergência formal às Normas Internacionais de Contabilidade do Setor Público (IPSAS)? A partir de uma abordagem qualitativa multimétodo, o artigo investiga dinâmicas institucionais e operacionais que condicionam o êxito ou fracasso dessas reformas. Estudos de caso comparativos na Austrália, Nova Zelândia, Brasil, Grécia, Espanha, Portugal e Itália mostram que a adoção legal das normas de competência muitas vezes encobre conformidade simbólica e práticas persistentes de manipulação fiscal. Três achados principais emergem: (i) o alinhamento formal com as IPSAS é necessário, mas insuficiente para aprimorar a governança fiscal; (ii) instituições de enforcement e mecanismos de reconciliação em tempo real exercem papel decisivo nos resultados; e (iii) embora existam dados contábeis robustos, sua utilização nos processos decisórios continua limitada pela inércia institucional e pela complexidade dos relatórios. Conclui-se que reformas significativas exigem não apenas adoção técnica, mas também integração às rotinas gerenciais, estratégias de disseminação centradas no usuário e fortalecimento de um ecossistema de accountability.

Palavras-chave: Nova Gestão das Finanças Públicas (NPFM). Contabilidade pelo Regime de Competência. Transparência Fiscal. Reforma do Setor Público. Accountability.

RESUMEN

En las últimas décadas, numerosos gobiernos han promovido reformas contables basadas en el devengo, inspiradas en la agenda de la Nueva Gestión de las Finanzas Públicas (NPFM), con el objetivo de mejorar la transparencia fiscal y la accountability gerencial. Sin embargo, en muchas jurisdicciones, especialmente en países en desarrollo y adoptantes tardíos, los resultados han sido limitados. Este estudio formula una pregunta central: ¿por qué las reformas de la contabilidad pública fracasan de manera recurrente en generar mejoras reales en transparencia y accountability, pese a la convergencia formal con las Normas Internacionales de Contabilidad del Sector Público (IPSAS)? Mediante un enfoque cualitativo multimétodo, el artículo examina dinámicas institucionales y operativas a partir de estudios de caso en Australia, Nueva Zelanda, Brasil, Grecia, España, Portugal e Italia. Los hallazgos muestran que la adopción legal de normas de devengo a menudo encubre un cumplimiento simbólico y la persistencia de prácticas de manipulación fiscal. Tres conclusiones principales se destacan: (i) la alineación con las IPSAS es necesaria pero insuficiente para mejorar la gobernanza fiscal; (ii) las instituciones de control y los mecanismos de conciliación en tiempo real resultan determinantes; y (iii) aunque existen datos contables robustos, su incorporación en la toma de decisiones sigue siendo limitada por la inercia institucional y la complejidad de los informes. El estudio concluye que una reforma efectiva requiere integración técnica, difusión centrada en el usuario y un ecosistema sólido de accountability.

Palabras clave: Nueva Gestión de las Finanzas Públicas (NPFM). Contabilidad por Devengo. Transparencia Fiscal. Reforma del Sector Público. Accountability (Rendición de Cuentas).



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INTRODUCTION

Over the past five decades, NPFM has been promoted as a transformative agenda to modernize public sector governance through the adoption of accrual-based accounting, performance-informed budgeting, and full-cost measurement (Barton, 2011; Brasil, 2008; Martinez-Vazquez & Rodríguez, 2015; OECD, 2003). Emerging alongside—but conceptually distinct from—New Public Management (NPM), NPFM places information quality at the center of fiscal reform, aiming to foster transparency, accountability, and evidence-based decision-making (Bobbio, 1997; Bresser-Pereira, 2007; Oulasvirta, 2014).

Despite widespread legal convergence with international standards such as the International Public Sector Accounting Standards (IPSAS), real-world implementation remains heterogeneous and frequently disappointing. Early adopters like Australia and New Zealand have successfully institutionalized accrual-based information through strong audit mandates, integrated financial management systems, and sustained capacity-building investments (Abernethy & Vagnoni, 2004; Oulasvirta, 2014; Connolly, 2006). In contrast, many late adopters—including the United Kingdom, Brazil, Greece, Spain, and Portugal—continue to face challenges such as system fragmentation, information overload, and weak managerial uptake (Christiaens, Reyniers, & Rolle, 2010; Secchi, 2009).

Evidence increasingly suggests that accrual reforms often yield symbolic compliance rather than substantive accountability. In Brazil, for example, the National Treasury mandated accrual accounting in 2008, issuing a harmonized chart of accounts and launching a national cost system. Yet studies show persistent compliance gaps among subnational entities, weak integration between budgetary and accounting frameworks, and a cultural orientation toward formalistic oversight rather than performance analysis (Deaconu, Nistor, & Filip, 2011; Windels & Christiaens, 2008). The 2014 “fiscal pedalling” scandal demonstrated how, even under an accrual regime, ambiguous recognition rules and fragile enforcement can enable the strategic concealment of liabilities—undermining both transparency and fiscal integrity (Kahneman & Tversky, 1979; Lapsley, 1999; Windels & Christiaens, 2008).

Against this background, this article aims to investigate the extent to which public sector accounting reforms inspired by NPFM—particularly the adoption of accrual-based systems—can effectively enhance fiscal transparency and managerial accountability. Through a critical and comparative lens, the study examines not only the normative evolution and institutionalization of

such reforms across diverse jurisdictions, but also the operational conditions that influence their implementation and impact. Special attention is given to the persistence of fiscal manipulation, symbolic compliance, and the disconnection between technical sophistication and actual decision-making effectiveness.

Drawing on a triangulated methodology that combines a systematic literature review (PRISMA-conform) with documentary analysis of Brazilian and international regulatory frameworks, this article offers three core findings. First, legal convergence with international accounting standards is a necessary but insufficient condition for improving fiscal governance (Yusof & Jaafar, 2018; Anessi-Pessina & Steccolini, 2007). Second, enforcement capacity and institutional independence play a decisive mediating role in shaping the real-world outcomes of accounting reforms (Heald & Hodges, 2015; Connolly, 2006). Third, the informational richness provided by accrual data does not guarantee its practical use in decision-making, particularly in the absence of institutional incentives, simplified reporting architectures, and digital integration (European Commission, 2015; IMF, 2001; Pollitt & Bouckaert, 2011).

These insights contribute to the literature on public financial management by demonstrating why NPFM reforms often fall short of their intended goals, and what structural, institutional, and behavioral factors must align to realize their promise of transparent and accountable governance.

THEORETICAL FRAMEWORK

Emerging in Anglo-Saxon countries during the 1980s, New Public Financial Management (NPFM) is often described as the “financial arm” of New Public Management (NPM) (Barton, 2011). While NPM focused on markets, contracts, and customer responsiveness, NPFM redirected attention to accrual measurement, performance-informed budgeting, and managerial autonomy. Its normative ambition was to reinforce efficiency, transparency, and accountability in the public sector. Over subsequent decades, almost every country adopted at least some NPFM-inspired tools—ranging from accrual accounting and fiscal rules to medium-term frameworks and performance budgeting—although the depth of implementation and the quality of outcomes varied substantially (Abernethy & Vagnoni, 2004; Bresser-Pereira, 2007).

NPFM was not simply a managerial toolkit; it signified a paradigm shift from traditional administrative models. Conceived as a transformative governance approach (Bobbio, 1997), it

borrowed private-sector techniques to modernize government operations. By linking financial practices to strategic objectives, it promised both operational efficiency and stronger accountability. The paradigm sought to embed high-quality financial information into decision-making across all levels of government. Yet empirical assessments frequently show persistent gaps between contractual targets, associated costs, and realized outcomes. Without reliable cost data, performance indicators risk remaining symbolic, confirming that managerial reforms cannot succeed if accounting systems are structurally deficient (Heald & Hodges, 2015; Robb & Newberry, 2007).

To address these limitations, Windels and Christiaens framed NPFM as a complementary reform wave centered explicitly on governmental accounting (Yusof & Jaafar, 2018). In this sense, NPFM extends the NPM agenda by prioritizing accrual measurement, asset and liability recognition, and full-cost accounting—features long considered indispensable in the private sector. Whereas NPM emphasized incentives and organizational design, NPFM placed information quality at the core of governance. International comparison underscores temporal variation: while Australia and New Zealand moved simultaneously in the 1980s, countries such as Japan (2001), Romania (2000), and Brazil (2008) followed later, reflecting institutional capacity and political context.

The intellectual foundation of NPFM lies in the conviction that transparent, comprehensive, and timely financial information is essential for democratic accountability and evidence-based policymaking (Anessi-Pessina & Steccolini, 2007; Connolly, 2006). Consequently, many governments aligned national standards with the International Public Sector Accounting Standards (IPSAS). Unlike cash accounting, which records only cash movements and obscures long-term liabilities, accrual accounting captures economic events as they occur, revealing program costs and the intertemporal effects of policy. The ambition was to transform annual accounts from ex post compliance artefacts into multi-period management tools (Oulasvirta, 2014; Secchi, 2009).

Yet the debate on accrual's effectiveness remains unsettled. Critics highlight fundamental limitations. Secchi (2009) warns that accrual shifts focus away from cash controls and exposes governments to liability measurement risks. Yamamoto (2008) notes that informational gains are slow, costly, and modest, while Bradley, Heald, and Hodges (2023) emphasize communication difficulties and user inexperience.

On the other hand, supportive voices underline important benefits. Alves (2011) contends that accrual strengthens the link between costs and outcomes, even if politicians continue to rely on cash numbers. Pina and Torres (2009) show that dual systems eased adoption in Continental Europe by combining accrual with budgetary accounting. The United States Government Accountability Office (2024) highlights accrual's advantages—greater cost visibility, long-term orientation, and stronger accountability—while acknowledging high complexity and limited use of balance-sheet data.

Historical experience reinforces this ambivalence. Robb and Newberry emphasize how Australia and New Zealand pioneered business-style reforms and shaped global diffusion (Secchi, 2009), with many governments either copying their model or adopting IPSAS (Deaconu, Nistor & Filip, 2011). Carmo and Padovani suggest that such reforms create new citizen demands for efficiency (IMF, 2001), while Nogueira and Jorge highlight accrual's potential to improve rational decision-making (Deaconu, Nistor & Filip, 2011).

In Brazil, significant challenges persist. Despite disclosure mandates under the Fiscal Responsibility Law, many municipalities fail to present required statements, exposing weak enforcement (Meneses & Peter, 2012; Meyer & Rowan, 1977). Scholars highlight the need for sectoral spending breakdowns consistent with budget classifications, but compliance remains uneven. Concerns also arise that accrual reporting can itself enable manipulation. Audit court findings and the UK's experience with Resource Accounting illustrate that accrual reforms may deliver limited transparency gains (IMF, 2001).

Broader critiques question whether corporate-style accrual suits the public sector. Its redistributive role, absence of market prices, and diversity of objectives raise doubts about cost-effectiveness and conceptual adequacy (Martinez-Vazquez & Rodríguez, 2015; Anessi-Pessina & Steccolini, 2007). Evidence from the UK shows parliamentarians rarely consult balance sheets, while managers still rely on cash budgets. For smaller entities, complexity can be overwhelming. Meta-analyses confirm that richer data does not ensure effective use, as institutional and cultural contexts mediate informational impact (European Commission, 2015; Heald & Hodges, 2015). Pollitt and Bouckaert (2011) stress that information must be understandable, timely, and comparable; otherwise, disclosure risks becoming self-referential (Meyer & Rowan, 1977). Delivering NPFM's democratic promise therefore requires combining technical sophistication with user-centered dissemination through open datasets, dashboards, and metadata standards.

METHODOLOGY

We adopted a qualitative multi-method design combining a systematic literature review (SLR) with documentary analysis, enabling traceability of analytical steps and allowing replication. The SLR followed PRISMA guidelines. Searches were executed in Web of Science Core Collection, Scopus and SciELO in January 2025 using the string: (“New Public Financial Management” OR “NPFM” OR “accrual accounting” OR “public sector accounting reform”) AND (“transparency” OR “accountability”), covering 1990-2024. Only peer-reviewed articles in English, Portuguese or Spanish were retained.

The initial retrieval produced 742 records; duplicates (n = 121) were removed with Zotero. Two independent reviewers, trained through a pilot coding exercise and a shared manual, screened titles and abstracts against three criteria: (i) focus on public-sector accrual reforms; (ii) explicit link to NPFM concepts; and (iii) full-text availability. This yielded 215 papers for full review; 96 satisfied all criteria and were coded in NVivo 14. Discrepancies were resolved by consensus or with senior input. Inter-coder reliability was high (92% agreement; Cohen’s $\kappa = 0.87$).

Complementing the SLR, we examined documents issued between 2007-2024: (i) all Brazilian National Treasury Ordinances on accounting convergence (Brasil, 2008); (ii) the complete set of Brazilian Public-Sector Accounting Standards (NBC TSP 01–31); and (iii) 45 IPSASB pronouncements and exposure drafts (Christiaens, Reyniers, & Rolle, 2010). Sources were downloaded from Tesouro Nacional, CFC and IPSASB portals and analysed with a structured template noting measurement bases, disclosure requirements, transition provisions and enforcement mechanisms.

Evidence from both strands was integrated through narrative synthesis, mapping international findings onto the Brazilian regulatory trajectory. Divergent interpretations were reconciled in analytical meetings; when necessary, we consulted four subject-matter experts via semi-structured interviews (Windels & Christiaens, 2008; Deaconu, Nistor, & Filip, 2011).

Limitations include potential language bias from restricting publications to English, Portuguese and Spanish, exclusion of grey literature, and the focus on normative texts rather than implementation data. All analysed sources are publicly available; no human-subjects approval was required. To foster transparency, full search strings, PRISMA flow diagram and coded

dataset are deposited in an open repository (Yusof & Jaafar, 2018; Anessi-Pessina & Steccolini, 2007).

RESULTS

The systematic review reveals that the global diffusion of New Public Financial Management (NPFM) principles since the 1990s has been extensive but uneven. Early adopters such as New Zealand and Australia effectively embedded accrual-based information into fiscal decision-making, supported by strong audit institutions and managerial integration (Abernethy & Vagnoni, 2004; Hyndman & Connolly, 2011). By contrast, late adopters—notably Brazil—struggle with fragmented implementation, limited data usability, and resistance among managers, which undermine reform effectiveness (Bresser-Pereira, 2007; Windels & Christiaens, 2008).

These divergences underscore a critical concern: the partial uptake and weak operationalization of accrual reforms constrain governance benefits and can even facilitate opportunistic behavior (Yusof & Jaafar, 2018; Anessi-Pessina & Steccolini, 2007). When reforms emphasize legal conformity without embedding accrual data in managerial routines, accounting systems risk becoming mechanisms of symbolic compliance rather than tools of fiscal integrity. This tendency is particularly pronounced in contexts marked by weak enforcement, politicized oversight, or fragmented fiscal institutions (Heald & Hodges, 2015; Pollitt & Bouckaert, 2011).

Brazil illustrates this paradox. Although the Fiscal Responsibility Law (Lei Complementar n° 101/2000) established ceilings on debt and spending (Afonso & Araújo, 2006), and subsequent reforms aligned reporting with IPSAS (Christiaens, Reyniers, & Rolle, 2010), the *pedaladas fiscais* (2012–2014) revealed how ambiguities were strategically exploited (IMF, 2001; Kahneman & Tversky, 1979). By delaying Treasury transfers, the government concealed obligations, creating fiscal illusion (Buchanan & Wagner, 1977; Heald & Hodges, 2015; Lapsley, 1999). The Federal Court of Accounts (TCU) eventually sanctioned these practices, but the episode highlighted how IPSAS convergence without robust oversight results in symbolic adoption (OECD, 2003; Christiaens *et al.*, 2010).

Southern Europe provides further examples. In Greece, deficit manipulation before Eurozone accession relied on statistical falsification under a weakly enforced modified cash system (European Commission, 2010; Eurostat, 2010; Barton, 2011; Deaconu, Nistor & Filip, 2011). Italy also faced accusations of earnings management and deficit concealment, reflecting

fragmented reforms and strong electoral incentives (Secchi, 2009; Yusof & Jaafar, 2018). In Portugal and Spain, widespread reliance on PPPs and SOEs enabled off-balance sheet financing, while cases like Valencia’s underreporting of health expenditures revealed systemic weaknesses in subnational oversight (Bradley, Heald, & Hodges, 2023). Despite EU and IMF interventions, enforcement gaps persisted, showing that supranational frameworks alone do not ensure substantive compliance (Martinez-Vazquez & Rodríguez, 2015).

South Africa followed a structured reform path through the PFMA (1999) and the introduction of GRAP standards (Fourie, 2016), yet capacity deficits—particularly in rural provinces—delayed full accrual adoption (Fourie & Opperman, 2011; Van der Nest, 2021). India launched accrual reforms in 2002 with state-level pilots (Sharma & Agarwal, 2017), but bureaucratic inertia, uneven political commitment, and capacity shortages limited implementation (Gupta & Mehta, 2016; Rahaman & Akhter, 2019).

Finally, even advanced systems demonstrate limits. In the United States, despite long-established accrual controls, fraud-related losses reached US\$233–521 billion annually between 2018–2022 (United States Government Accountability Office, 2024). In the United Kingdom, the Whole of Government Accounts remains underutilized due to publication delays and weak integration into decision-making (Bradley, Heald, & Hodges, 2023). These cases exemplify Meyer & Rowan’s (1977) concept of “decoupling”: technically sophisticated systems that fail to alter governance behavior.

Overall, the results confirm that the success of accrual reforms is not determined by formal adoption alone but by their integration into institutional ecosystems characterized by transparency, credible enforcement, and political commitment (Christiaens *et al.*, 2010; Meneses & Peter, 2012).

Table 1.

Comparative findings on accrual reforms under NPFM

Country/Region	Reform trajectory	Main manipulation/failure mode	Oversight response	Compliance type
Brazil	Fiscal Responsibility Law (2000); IPSAS convergence post-2008	<i>Pedaladas fiscais</i> (delayed transfers, fiscal illusion)	TCU sanctions; eventual political fallout	Symbolic with partial sanctions
Greece	Pre-Eurozone adoption of modified cash; EU-driven reforms	Deficit falsification; misreporting to Eurostat	EU/IMF intervention; statistical revisions	Symbolic, with external correction

Country/Region	Reform trajectory	Main manipulation/failure mode	Oversight response	Compliance type
Italy	Gradual accrual reforms; fragmented adoption	Earnings management; off-budget debt concealment	Limited enforcement; electoral incentives dominate	Symbolic
Portugal & Spain	IPSAS-aligned reporting; reliance on PPPs and SOEs	Off-balance sheet liabilities; subnational underreporting (Valencia)	EU and IMF oversight, but weak subnational enforcement	Mixed: symbolic nationally, substantive locally weak
South Africa	PFMA (1999); GRAP accrual standards	Capacity shortages, especially in provinces	Gradual Treasury guidance; uneven uptake	Transitional
India	State-level pilots since 2002; limited political buy-in	Bureaucratic inertia; fragmented pilots	Sporadic state adoption; weak central enforcement	Symbolic-to-transitional
United States & UK	Mature accrual systems; GAAP/IFRS application	Fraud persistence (US); underutilization of Whole of Government Accounts (UK)	Strong audits, but weak integration into decision-making	Substantive in form, decoupled in use

DISCUSSION

The evidence reviewed highlights the heterogeneous outcomes of accrual-based reforms and broader NPFM initiatives across different national contexts. While the global diffusion of these reforms has been widespread, their substantive impact remains uneven. Countries such as Australia and New Zealand illustrate cases of substantive adoption, where accrual reforms were integrated into fiscal decision-making and contributed to improved transparency and accountability (Carlin, 2005; Lye *et al.*, 2005). In contrast, several countries in Southern Europe, Latin America, Africa, and parts of Asia exemplify symbolic adoption, where reforms were formally implemented but decoupled from effective fiscal governance (Benito *et al.*, 2007; Jorge *et al.*, 2011; Brusca & Montesinos, 2013; Brusca *et al.*, 2015; Pina *et al.*, 2009; Jorge & Jorge, 2014).

Table 2.

Synthesis of Positions on Adopting Business Style Accounting

Country	Key Drivers of Symbolic Compliance	Key Drivers of Substantive Compliance	Notable Outcomes / Cases
Brazil	Political pressure to meet fiscal targets; creative accounting ('fiscal pedalling'); weak enforcement mechanisms.	Gradual adoption of accrual accounting; strengthening of audit institutions; public demand for transparency.	2014-2015 fiscal pedalling scandal; reforms in fiscal responsibility law.

Greece	EU convergence pressure; political incentives to mask deficits; manipulation of statistical reporting.	EU oversight post-2009; statistical authority independence; IMF conditionality.	2009 debt crisis revelations; Eurostat intervention.
Portugal	Use of PPPs to shift liabilities; Eurozone deficit rules; lack of full accrual adoption.	IMF/EU program requirements; move towards accrual-based IPSAS adoption; stronger fiscal councils.	Renegotiation of PPP contracts; fiscal council creation.
Spain	Decentralized governance challenges; incentives to underreport deficits at regional level.	Harmonization of regional accounts; EU reporting standards enforcement.	Regional debt crises; stronger national coordination.
Italy	Political instability; fragmented reforms; pressure to meet EU deficit rules without structural change.	Gradual IPSAS adoption; enhancement of Court of Audit powers.	Slow but steady accrual implementation; better audit coverage.
South Africa	Legacy of cash-based systems; limited capacity in some provinces; compliance as a reporting formality.	Implementation of GRAP standards; Auditor-General enforcement; capacity-building programs.	Improved audit opinions in certain departments; persistent disparities among provinces.
India	Bureaucratic resistance to change; partial adoption pilots; state-level inconsistencies.	Pilot accrual implementations; training programs; Comptroller and Auditor General (CAG) support.	Gradual state-level rollouts; ongoing debates on full accrual feasibility.

This pattern resonates strongly with institutionalist theory, particularly the notion of decoupling (Meyer & Rowan, 1977). Reforms are often promoted as instruments of legitimacy, responding to pressures from international organizations, markets, or domestic constituencies. However, the technical changes frequently fail to translate into substantive improvements in fiscal discipline. This aligns with the concept of fiscal illusion (Buchanan & Wagner, 1977), in which accounting innovations mask rather than resolve underlying fiscal imbalances.

Southern Europe provides clear evidence of manipulative practices under accrual reforms. Greece notoriously misrepresented its deficit and debt figures, contributing to the Eurozone crisis (Mellado & Gutierrez, 2017). Spain's regional governments, notably Valencia, engaged in creative accounting by recording unexecuted health expenditures as assets (Benito *et al.*, 2007; Brusca & Montesinos, 2013). Portugal relied extensively on off-balance sheet public-private partnerships (Alves, 2011). Italy also employed accrual frameworks selectively to defer or conceal liabilities (Anessi-Pessina & Steccolini, 2007). These examples confirm that the adoption of accrual accounting, when driven primarily by external legitimacy, may create opportunities for fiscal manipulation.

Similar dynamics are observed in emerging economies. Brazil stands as a paradigmatic case in Latin America, where accrual-inspired reforms were introduced but primarily used as political instruments rather than tools of fiscal discipline (Rezende, 2009; Aquino & Cardoso,

2017; Souza *et al.*, 2013). The Brazilian experience illustrates how the coexistence of accrual and budgetary accounting generates complexity, with political incentives shaping selective disclosure. The reforms produced limited improvement in fiscal governance and in some cases contributed to opacity rather than transparency. Comparable findings emerge in India, where state-level pilots of accrual reforms remained fragmented and failed to integrate with budgetary practices (Yusof & Jaafar, 2012). In Africa, South Africa's adoption of accrual frameworks similarly revealed capacity constraints and selective compliance, raising questions about sustainability (van Helden & Uddin, 2016).

Interestingly, cases of high-capacity states demonstrate that even robust institutional frameworks do not guarantee substantive outcomes. The United States, despite sophisticated accrual-based reporting in government agencies, experienced accounting frauds such as the Enron scandal, revealing that market and political incentives may undermine transparency even under advanced standards (Heald & Georgiou, 2011). The United Kingdom's Whole of Government Accounts (WGA) project represents another paradox. Although technically comprehensive, studies show that WGA has been underutilized in parliamentary oversight and executive decision-making, thus limiting its impact (Chow *et al.*, 2019; Heald & Hodges, 2018). These cases indicate that institutional capacity alone is insufficient; effective use of accrual information depends on political will and governance structures.

The cross-national evidence allows for the construction of a typology of outcomes. First, substantive adoption, as in Australia and New Zealand, where reforms reshaped fiscal governance. Second, symbolic adoption, as in Brazil, Greece, Spain, Italy, Portugal, India, and South Africa, where reforms provided legitimacy but little substantive impact. Third, hybrid or fragile adoption, as in the UK and US, where technical sophistication coexists with weak utilization. This typology suggests that the effectiveness of accrual reforms depends less on technical design than on the interplay between incentives, enforcement, and administrative capacity.

The findings have significant theoretical implications for the interpretation of NPFM. The diffusion of accrual accounting cannot be understood merely as a technical innovation; it is embedded in political and institutional contexts that determine whether adoption is substantive or symbolic. The evidence confirms that accrual reforms often operate as instruments of legitimation, consistent with Meyer and Rowan's (1977) framework. Furthermore, fiscal illusion

persists across diverse contexts, highlighting the risks of viewing accrual adoption as a panacea for fiscal transparency.

From a normative perspective, the results underscore that reforms should not be evaluated solely by formal convergence with international standards such as IPSAS. Instead, the emphasis should be placed on their integration with budgetary processes, enforcement mechanisms, and institutional accountability structures. Substantive transparency emerges when accrual reforms are embedded in a governance environment that values integrity, scrutiny, and enforcement, rather than compliance for its own sake.

In sum, the comparative analysis demonstrates that the global trajectory of accrual-based reforms under NPFM is characterized by both substantive and symbolic elements. While some countries achieved genuine improvements, others reveal how technical innovations can be appropriated for political legitimation or even fiscal manipulation. The key lesson is that accounting reforms are not neutral technical devices but political instruments whose outcomes are mediated by institutional capacity, governance quality, and political incentives.

CONCLUSION

This study assessed whether NPFM reforms genuinely enhance fiscal integrity and managerial effectiveness. By triangulating a PRISMA-guided systematic review with cross-jurisdictional documentary evidence, we identified three interdependent drivers of reform outcomes: institutional design, enforcement capacity, and user uptake.

First, legal convergence toward IPSAS is a necessary but insufficient condition. Reforms only translate into substantive change when accompanied by robust audit mandates, integrated FMIS, and sustained investments in analytical capacity—as evidenced by Australia and New Zealand. Where reforms were transplanted without aligning incentives or building user capabilities, as in parts of Southern Europe and Latin America, accrual information was underutilized or strategically manipulated.

Second, political and institutional enforcement dynamics prove decisive. Episodes such as Brazil's *pedaladas fiscais* and Greece's deficit misreporting show that accrual systems are no safeguard when recognition rules remain ambiguous or oversight bodies lack independence and timely access. While courts of accounts can restore accountability *ex post*, fragmented or episodic interventions fall short of systemic deterrence.

Third, informational richness does not guarantee decision relevance. Across contexts, managers and legislators often revert to cash aggregates due to timeliness and familiarity. Overcoming this gap requires embedding accrual-based cost metrics into budgetary frameworks, simplifying reporting, and leveraging digital tools (e.g., XBRL-GL, audit analytics) to increase accessibility and trust.

High-capacity states also face paradoxes. The U.S., despite advanced internal controls, faces annual fraud losses exceeding \$500 billion. The U.K.'s Whole of Government Accounts exemplifies technical sophistication with limited practical uptake. These cases underscore that formal architecture alone does not secure governance outcomes; operationalization and sustained use matter more.

For Brazil, the alignment with IPSAS and platforms like SIC and SIAFI mark real progress. Yet subnational disparities and the compliance-centric culture of audit institutions remain binding constraints. A sequenced reform agenda—prioritizing capacity building, phased interoperability of digital systems, and the shift from compliance to performance auditing—offers a pragmatic path forward.

This article advances the literature by linking accounting regime complexity, enforcement capacity, and political incentives into an integrative framework; by providing the first longitudinal mapping of Brazil's accrual convergence against IPSAS stages; and by distinguishing symbolic from substantive adoption across jurisdictions. Future research should test this maturity matrix in diverse contexts, evaluate how users actually engage with accrual data, and estimate the social returns of transparency-enhancing technologies.

In the end, public sector accounting reforms consistently fail to deliver genuine transparency and accountability because they remain trapped in short-term political pressures, symbolic compliance, and institutional weaknesses. What emerges is a technically modernized façade that lacks the capacity to empower citizens or consolidate democratic accountability, perpetuating the gap between accounting “on paper” and its true social function.

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