

Framing PSA courses into education programs at university level: a comparative study

The case of Portugal The case of Spain

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Public Sector Accounting and Reporting Program

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Agenda



2

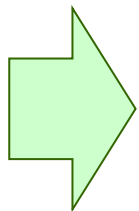
- Background
- Literature Review
- A Comparative Study
 - Research objectives and methodology
 - Findings of the study
- The Case of Portugal
- The Case of Spain

Background



3

- **Starting point:** Foreseeable round of public sector accounting reforms taking place throughout Europe
- Public sector accounting reforms have characterised European countries since the advent of New Public Management (Hood, 1991, 1995) and are still animating the debate
- EPSASs reform – but it is not clear yet *when* and *how* a set of accounting standards should be adopted all throughout Europe



Public sector accounting systems are undergoing profound changes, and this requires the availability of skilled personnel, with an adequate knowledge of both accrual accounting and the specificities of the public sector

Literature Review (1)



4

- Problems related to education in public sector are not new... But research focused mainly on the US context
- A large disparity between the increasing complexity of governmental accounting and the coverage assured by business schools programmes, with public sector accounting almost neglected in academic courses (Fox, 1977)
- Limited interest by universities in offering public sector courses, due to the lack of financial resources or the lack of qualified faculty to provide lectures (Egenolf & Willis, 1983; Epps & Brown, 1992)
- Limited attraction exercised by government accounting on students (Beights, 1954; Engstrom, 1979; Shivaswamy and Hanks, 1985), with a possible circular effect (Martin and Waymire, 2017)
- Limited coverage of PSA issues in MPA/MPP programmes in Australia, New Zealand, Canada, United Kingdom and United States (Pal & Clark, 2016), and **Europe** (Karatzimas et al., forthcoming)

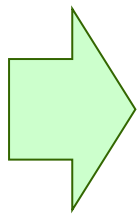
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Literature Review (2)



5

- “accounting education is in the midst of a reform effort designed to address perceived deficiencies associated with the dominance of a narrow, functionalist view of the discipline” (Boyce, 2004:569)
- Need of providing accounting education coherently with **technological changes and globalization** (Albrecht and Sack, 2000; Howieson, 2003)



Need to evaluate the state of the art in education in PSA in selected European countries

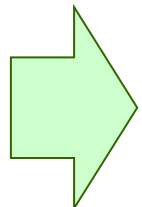
A comparative study



6

Adam, B., Brusca, I., Caperchione, E., Heiling, J., Jorge, S. M. F., & Manes Rossi, F. (2020). Are higher education institutions in Europe preparing students for IPSAS?. *International Journal of Public Sector Management*, 33(2/3), 363-378.

- **Objectives:**
 - To assess the current state of education in public sector accounting in higher education institutions in GER, I, PT and ES, and
 - To make an assessment of whether higher education institutions in these countries are prepared for a foreseeable large demand of skilled personnel in public administrations
- **Scope:**
 - Universities, polytechnics and applied universities in Germany, Italy, Portugal and Spain
- **Methodology:**
 - Questionnaires sent in April/May 2017 to German universities and in November 2017 to universities in Italy, Portugal and Spain



To derive comparative results for the state of education in the area of PFM, especially PSA

Findings of the study (1)



	Germany	Italy	Portugal	Spain
Overall response rate	46,6%			
Response rate by country	24,3%	68,2%	72,2%	56%
No. of surveys sent out	74	44	18	25
Total answers received	18	30	13	14

- Study programs in public financial management on bachelor or master level:

	Germany	Italy	Portugal	Spain
Study programs in PFM on Bachelor or Master level	0%	13,3%	23,1%	50%
Average no. of students p.a.	0	10-25	40-150	15-100

Findings of the study (2)



8

- Majority of respondents confirmed one or more courses/seminars on PFM (average 76 %)

Germany	Italy	Portugal	Spain
66,6%	83,3%	69,2%	78,5%

- Number of students in course/seminar per annum:

	0-40	41-80	81-120	121+
Overall no. of courses	31	14	4	8
Germany	41,6%	33,3%	8,3%	16,6%
Italy	56%	16%	8%	20%
Portugal	66,7%	22,2%	0%	11,1%
Spain	54,5%	36,3%	9,1%	0%

Findings of the study (3)



9

- In the majority of cases, these courses/seminars are Optional and not compulsory (average is 60%)

	Germany	Italy	Portugal	Spain
Compulsory	0%	68%	33,3%	27,3%
Optional	100%	32%	66,7%	72,7%

- IPSASs are part of courses/seminars in an average of 46% of cases where courses on PFM are offered

Germany	Italy	Portugal	Spain
45,5%	58,3%	77,8%	0%

(respondents may have misunderstanding courses with seminars)

Findings of the study (4)



10

- In cases where no courses/seminars are offered on PFM, elements of PFM are in 78% included in lectures/seminars on public administration/management

Germany	Italy	Portugal	Spain
66,6%	60%	60%	33,3%

- In 91% of answers, students are able to write their thesis on a topic of PFM (especially PSA)

Germany	Italy	Portugal	Spain
94,4%	93,1%	92,3%	85,7%

Comparative Analysis



11

- In all countries, in the majority of cases, individual courses/seminars on PFM are offered in business studies (46%) or public administration (14%) degrees, although they are mostly optional except for Italy
- The number of hours as well as credits awarded for these courses also greatly differ between the countries (on average: 30-60 hours, 3-6 credits)
- IPSASs are an explicit part of the curriculum in the majority of cases in Italy; in Spain and Portugal, they are not specifically part of the curriculum of courses, but the national accounting standards are already IPSAS-based (PGCP and SNC-AP)

Summary and implications

12

- Integration of PSA in HEIs curricula has improved lately, as PSA gained some importance within the accounting discipline, but... **room for significant improvement**
 - Clear lack of study programs in PFM/PSA on both bachelor and master level; plans to the medium-term future?
 - Limited number of scholars and students involved; and often IPSASs are not specifically taught – lack of common language in PSA, namely a common accrual-based accounting
- PSA is not yet fully developed as an autonomous branch, separated from business accounting – it deserves to be **“a Discipline in its Own Right” (Heiling, 2020)**
- Public sector financial offices are risking not having enough professionals with the right competencies for their support, having to rely on existing workforce (training on the job, upskilling) or enrol graduates in law or economics/business studies, with no strong knowledge of PSA
- Financial management officials should work together with academia to raise awareness for the emerging needs and to encourage and support proper PSA and financial management teaching in HEIs

The case of Portugal

13

- Continental European country – very centralized, with strong legalistic tradition and administrative law model
- Accounting standards are compulsory (passed as law); the influence of the accounting profession is weak
- Accounting Standard-setting Commission – Committee for Public Sector Accounting Standards (CNCP) - <https://www.cnc.min-financas.pt/cncp.html> (independent, but under the Secretariat of State of the Ministry of Finance)
- **Standard-setting – “participative process”** by several stakeholders in CNCP
- Accounting standards for the public sector are closed to business sector accounting standards; reforms POC/POCP and SNC/SNC-AP (IFRS/IPSAS)
- Budgetary cash- and commitment-based accounting and reporting, coexists with full accrual-based financial accounting and reporting, since middle 1990s

The current PSA system – SNC-AP with three subsystems



14

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Budgetary Accounting

Allows for a detailed record of the whole budgetary process – MODIFIED CASH BASIS, NOMINAL VALUE, CLASSE 0 (budget management vs. budget accomplishment)

Financial Accounting

IPSAS-based; allows recording transactions and other events affecting the entity's financial position, financial performance and cash flows – ACCRUAL BASIS, COST AND MARKET VALUE, CLASSES 1 TO 8

Management Accounting

Allows assessing the outcomes of activities and projects that contribute to the effectiveness of public policies, and the accomplishment of objectives in terms of service provision to citizens – ACCRUAL BASIS

SNC-AP Components



15

- 27 NCP (general regime) + 1 NCP (simplified regime)
 - Conceptual Framework (Financial Accounting)
 - Multidimensional **Chart of Accounts** (PCM)
-
- Individual, consolidated and segment reporting
 - 25 NCP IPSAS-based; 2 innovative – *NCP 26 – Budgetary Accounting and Reporting and NCP 27 – Management Accounting*
 - Multidimensional Chart of Accounts (PCM) – financial accounting transactions, nature of budgetary expenditure and revenue and National Accounts aggregates (“tri-dimensional” reporting)... and also *assets inventory*

Public Sector Accounting Education in Portugal

16

- Professional training – Chartered Institute of Certified Accountants (OCC)
- Classic and Polytechnic Universities
- BSc or MSc – each course unit is usually 6 ECTS
- Only a few courses at post-grad level focused on PSA matters, often together with public management
- Course units on PSA tend to follow the national standards, because is what future professionals will need (POCP/SNC-AP)
- Teaching of PSA follows that of business accounting with adaptations – accounting and financial reporting (single/consolidated), management/cost accounting, auditing , **adding** *budgetary accounting reporting*
- Sometimes specific courses on subsectors – municipalities, universities, hospitals/health sector
- Sustainability accounting and reporting still not addressed in PSA

Public Sector Accounting at FEUC (unit within MSc A&F, 30h, 6 ECTS) (I)



17

● Objectives and learning outcomes:

- The aim is to complement the students' training by introducing basic concepts and principles associated with the financial area of public sector entities, particularly the Budget and Public Sector Accounting.
- Framing the nature of the discipline within the Administrative Public Sector, the Portuguese Public Sector Accounting system (SNC-AP) is generally covered, with a special focus on the preparing and presenting the individual accounts (budgetary and financial accounting and reporting).
- This IPSAS-based system is considered in the context of international and European harmonisation, seeking to understand how the successive phases of PSA reform since the 1990s have led to the SNC-AP, and what transformations it has brought about, especially in terms of offering more and better information to support decision-making and accountability in public sector entities in Portugal and, consequently, improving the reliability and transparency of public accounts.

Public Sector Accounting at FEUC (unit within MSc A&F, 30h, 6 ECTS) (II)

18

● Program outline:

1. Public sector and business accounting – public sector framework in Portugal
2. Reform of Public Sector Accounting in Portugal in the international context (IPSAS/EPAS)
 - 2.1 From the Bases Law to the POCP
 - 2.2 International and European harmonization: approaching to IPSAS and the new SNC-AP
3. Public finances and budgetary accounting
 - 3.1 Public revenue and expenditure, classifications, Budget and Budget Framework Law
 - 3.2 Execution of public revenue and expenditure and Law for Commitments and Arrears
 - 3.3 Budgetary accounting and reporting in the SNC-AP
4. Financial accounting in the SNC-AP
 - 4.1 Conceptual framework
 - 4.2 Multidimensional Accounts Plan
 - 4.3 Most important operations, *distinctive in Public Sector Accounting*
 - 4.3.1. Revenue from exchange and non-exchange transactions
 - 4.3.2. Tangible and intangible assets; investment property; impairment; concessions (grantor)
 - 4.3.3. Provisions, contingent liabilities and contingent assets
 - 4.3.4. Employees benefits
 - 4.4 Public sector entities' annual individual accounts – structure and content of the financial statements

Related to
SDGs 8, 16
and 17

Bibliography:

- National standards and manual
- Occasionally international books and papers

The case of Spain



19

Studies in Economics and Business Administration to meet the growing demand for professionals with business training, and in particular in the area of financial economics and accounting



Modernization and Standardization of Accounting in the public sector creates demand for professionals in this field



Public Accounting in the curricula of the Bachelor's Degrees in Economics and Business Administration Studies (University of Zaragoza in 1991)

General Characteristics of Public Sector Accounting in Spain



- Continental European country: strong legalistic tradition and administrative law model.
- Accounting standards are compulsory and the influence of the accounting profession is very weak.
- A public body issues governmental accounting standards: Intervención General de la Administración del Estado (IGAE; Office of the Comptroller General of the State).
- Accounting standards for the public sector are very closed to business sector accounting standards
- Modified Cash Based Budget and the Duality of the System

Adapting Government Accounting Standards to International Framework



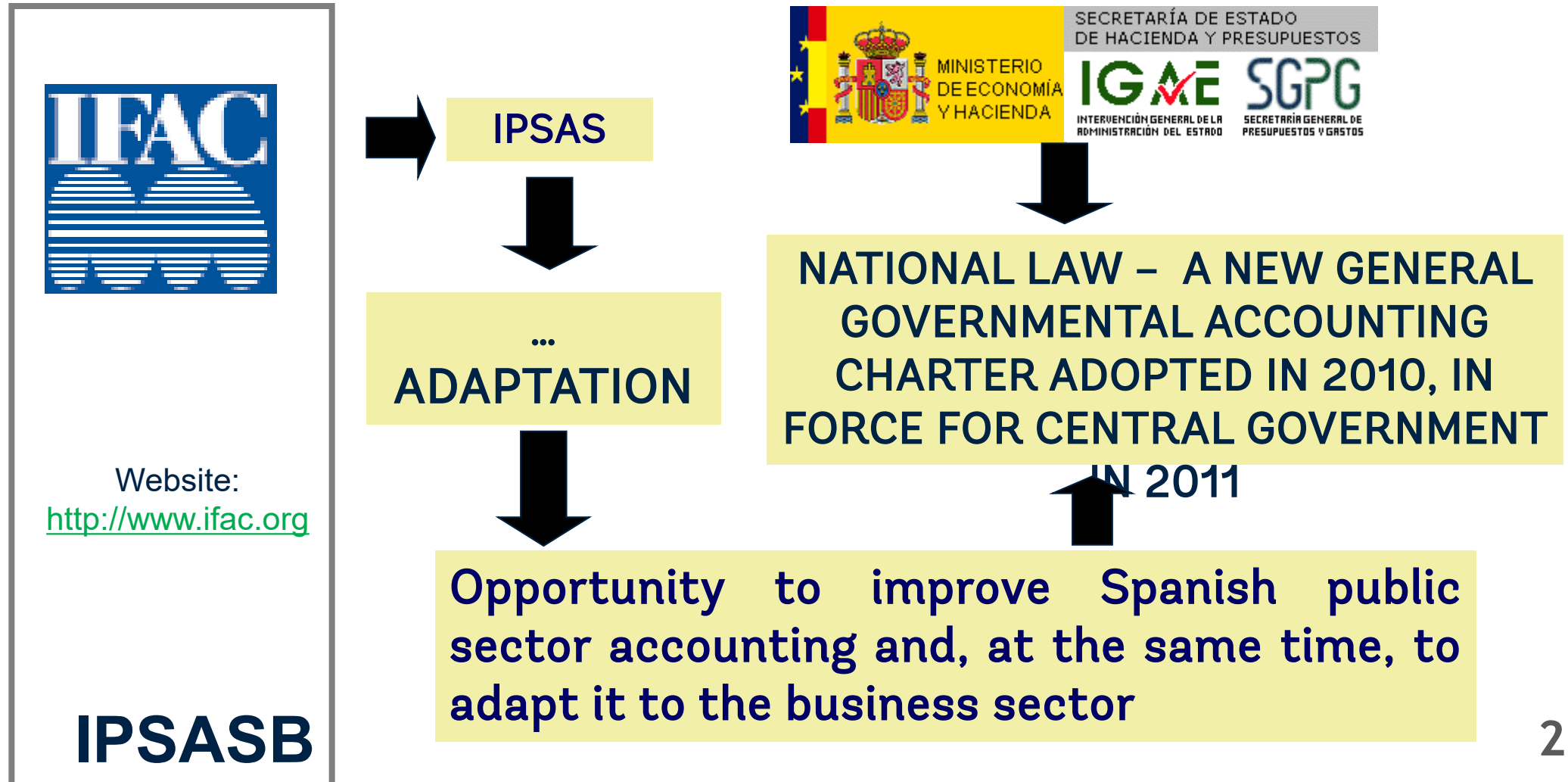
- Commercial Law and Business Accounting Standards were adapted to European Regulations in 2007. A new Accounting Standard was passed, in force since 1-1-2008

International Public Sector Accounting Standards



- Governmental Accounting Standards were adapted to Spanish Business Accounting Standards and IPSAS in 2010. Applied to central government in 2011 and to local government in 2015

Adapting Governmental Accounting Standards to IPSAS



Governmental Accounting Reporting in Spain: Three sources for public entities' financial figures



- **Budgetary.**- Traditional cash based information according to specific regulation
- **Financial.**- Business like accounting information, according to Public Sector Accounting Plan
 - Macro-economic aggregated information
- **National Accounts**
 - Micro-economic figures measured according to ESA 2010 criteria (for each public entity) as basic indicator of EU deficit and debt objectives fulfillment
 - Macro-economic aggregated information

Preparing in Public Sector Accounting in Spanish Universities



24

- **Bachelor Programs:**
 - Degree on Management and Public Administration: PSA is a compulsory subject
 - 21 Universities have Studies in Management and Public Administration
 - Degree on Economics, Business Administration, Accounting and Finance
- **Master Programs**
 - Master in Audit: differences between universities
 - Master in Accounting and Finance: differences between universities
- **PhD and Research**
 - PSA Research is an important area in several Spanish Universities

Preparing in Public Sector Accounting in Bachelor Programs



25

University	ASIGNATURA	Business Administration	Economics	Accounting and Finance
University of Almería	Public Sector Accounting			Optional
University of Alicante	Public Sector Accounting		Optional	NA
U. Autónoma Barcelona	Public Sector Accounting	Optional	Optional	Optional
U. of Cantabria	Public Sector Accounting	Optional		NA
U. of Castilla La Mancha	Public Sector Accounting		Optional	NA
U. of Extremadura	Public Sector Accounting		Optional	
University of Girona	Public Sector Accounting	Optional	Optional	Optional
University of Granada	Public Entities Accounting			Optional
U. Jaime I of Castellón	Public Sector Accounting			Optional
U. of La Laguna	Management Accounting in Public Sector		Optional	Optional
U. L. Palmas Gran Canaria	Public Sector Accounting	Optional		NA
University of León	Public Sector Accounting		Optional	NA
University of Málaga	Public Sector Accounting		Optional	Compulsory
University of Oviedo	Public Sector Accounting			Optional
U. of País Vasco	Public Sector Accounting	Optional (6)		NA
U. Polytechnic of Valencia	Public Sector Accounting and Management	Optional (4,5)		NA
U. Pompeu Fabra	Public Sector Accounting	Optional (5)	Optional (5)	NA
U. Pública of Navarra	Public Sector Accounting		Optional	NA
University of Valencia	Public Sector and Non-Profit Accounting		Optional	Compulsory
University of Zaragoza	Public Sector Accounting (Several titles)	Optional	Optional	Optional

Preparing in Public Sector Accounting in Bachelor Programs: University of Zaragoza



26

- ✓ **BACHELOR'S DEGREE IN MANAGEMENT AND PUBLIC ADMINISTRATION**
 - ✓ Compulsory subject of 6 Ects

- ✓ **BACHELOR'S DEGREE IN ECONOMICS: PUBLIC SECTOR ADMINISTRATIONS ACCOUNTING**
 - ✓ Optional subject of 6 ECTS

- ✓ **BACHELOR'S DEGREE IN BUSINESS ADMINISTRATION: PUBLIC SECTOR ACCOUNTING**
 - ✓ Optional subject of 6 ECTS

- ✓ **BACHELOR'S DEGREE IN FINANCE AND ACCOUNTING : Economic and Financial Analysis of Public Administrations**
 - ✓ Optional subject of 6 ECTS

Public sector accounting in bachelor degree: objectives



27

- ✓ 4TH and last year of the Degree
- ✓ After having studied several accounting subjects in the first three years of the Degree, this subject studies the Spanish Accounting Standards (General Public Sector Accounting Plan).
- ✓ Therefore, it completes the student's accounting training and prepares them for working in a wider economic environment than that of business sector, such as the public sector, providing them with new opportunities in the job market.
- ✓ Specifically, provide a robust framework for the profession to develop capable accountants who produce, report, and audit public sector accounting reporting

Specific SDGs of the 2030 Agenda:

4.4 Increase the number of young people and adults who have the necessary skills for employment, decent work and entrepreneurship

16.6 Create effective and accountable institutions at all levels that are transparent and accountable

Public sector accounting in bachelor degree: learning outcomes



28

- ✓ To understand the differential aspects of public administration accounting, which is based on business accounting, but with distinctive aspects given the non-profit purpose of these entities.
- ✓ Competences to understand the main differences between the Public Sector Accounting Standards (PGCP) and the Business Sector Accounting Standards (PGC).
- ✓ Learning new technologies and computer programs in public sector accounting used in the Local Administration to understand how operations are accounted for in Public Administrations.
- ✓ Competences for measurement and accounting for the main operations of the Expenditure Budget and Revenue Budget of public entities.
- ✓ Understanding the main differences in measurement and reporting of plant, property, equipment and liabilities, compared to those of private companies.
- ✓ Competences for preparing and analyzing Financial Statements of Public Administrations
- ✓ Understanding the relevance of sustainability and non financial reporting in the public

Public sector accounting in bachelor degree: Syllabus



29

- 1. Accounting Standards for Public Administrations: International and National Accounting Standards**
- 2. Accounting for Expenditure Budget: Current Budget Accounting Schema.**
- 3. Accounting for Revenue Budget: Current Budget Accounting Schema.**
- 4. Accounting and Reporting for Property, Plant and Equipment**
- 5. Accounting and Reporting for Financial Debt.**
- 6. Accounting for non-budgetary transactions**
- 7. Financial Statements**
- 8. Management Accounting in the Public Sector.**
- 9. Public Sector Auditing**
- 10. Non financial reporting in the public sector: performance reporting and sustainability reporting**

Public sector accounting in bachelor degree: academic activities



30

- ✓ **Theoretical classes: 30 hours**

Methodology: Analysis and Study of accounting standards. Student participation is encouraged with real examples.

- ✓ **Practical Classes: 30 hours**

Methodology: Practical exercises and case Studies, use of accounting technologies

- ✓ **Personal Study: 90 hours**

Preparing in Public Sector Accounting in Master Programs: University of Zaragoza



31

- **MASTER IN ACCOUNTING AND FINANCE**
 - ✓ **Economic and management analysis of business and public administrations, Compulsory, 6 ECTs**
- **MASTER IN EUROPEAN UNION**
 - ✓ **Public and budgetary accounting of the European Union, Optional, 3 ECTs**
- **MASTER IN SOCIOLOGY OF PUBLIC AND SOCIAL POLICIES**
 - ✓ **Corporate social responsibility: reporting and auditing of organizations, Optional, 4 ECTs**
- **MASTER IN AUDITING**
 - ✓ **Financial Accounting (Public Sector Accounting Module)**

Requirements of Public Sector Accounting for Certified Chartered Accountants and Auditors



32

- Public Sector Accounting is not compulsory for Certified Chartered Auditors in Spain.
- Audits of the Public Sector Administrations are developed only by public sector auditors (civil servants).
- Public Sector Accounting is included in the requirements for Certified Chartered Accountants, a new qualification recently created, but that is not compulsory to be accountant at the moment.


Thank you!



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