

Full Length Research Paper

The role of accounting in public governance process

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Accepted 5th July, 2013

The intensification of the relations between government and society, whether by means of public-private interaction or of the participation of civil society, contributes to the appreciation of accounting in the scope of public administration. Accounting gains a new feature with this configuration. In addition to its basic capacities of registering and interpreting all phenomena, among which are public budgets, accounting may also provide citizens power and perform an active role in the socio-economic development of a country or a community. The main objective of this article is to analyze literature on accounting from the public governance context. Specific objectives are: to comprehend the role of accounting in the process of public governance, present the experiences in Brazil and present challenges of the accounting reform in Brazil. This investigation is characterized as a qualitative, descriptive bibliographic and documental research. In the documental research we analyzed normative instruction, law and the Federal Accounting Council in Brazil, all related to the functionality of accounting in Brazil and its accounting reform. This study demonstrates that accounting presents a potential to perform the role of strengthening democracy, social control, accountability, creating a social power in the dynamic process of public governance.

Key words: Public accounting, public governance, accounting reform.

INTRODUCTION

In previous years, the development of the financial and accounting information of the governments in countries such as Australia, Canada, France, Spain, United Kingdom and New Zealand has grown due to the influence of a culture based on a more transparent management, with larger control and emphasis on citizen (Pérez et al., 2005). A New Public Management (NPM) and public governance contributed so that the countries would implement changes in accounting, budget and accountability. Many studies reveal the influence of NPM in the academy, education and research in accounting area (Lawrence and Sharma, 2002; Parker, 2002; Roberts, 2004). After a series of administrative reforms, Brazil progresses to the implementation of an accounting reform aiming at a larger transparency and disclosure of governmental transactions. The need of the governments

to provide reliable accounting information to all users is growing in Brazil. Administrative and accounting reforms, in addition to strengthening public accountability, incorporate a series of incentives to encourage a better management and provide better allocation of economic resources (Vicente et al., 2012).

This article's main objective is to analyze literature on accounting based on public governance context. Its specific objectives are to: 1) comprehend the role of accounting in the process of public governance; 2) present the experiences in Brazil; 3) present the challenges of the accounting reform in Brazil. A few questions orient this investigation: what is the role of accounting in the process of public governance? Public accounting for what and for whom? What are the main changes brought by the accounting reform in the

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Brazilian public sector?

In order to perform the discussion proposed on this research, we studied national and international articles, in addition to investigating documents regarding Brazilian legislation on the matter.

We may verify that the accounting reform in Brazil has an arduous path to follow. However, larger transparency, responsibility, efficiency, effectiveness and economy are indispensable, especially in order to have better control of the public accounts, for the general benefit of all. In addition to transmitting information, accounting presents various utilities which contribute to strengthening the development of public governance. Brown (2009) and Chan (2010) state that accounting is capable of providing power to the citizens and perform an active role in the socio-economic development of a country or a community.

LITERATURE REVIEW

Accounting in the context of the new public management and public governance

Public governance has become a key concept in the public sector modernization (Kisser and Heidemann, 2006). However, the complexity of the "public governance" construct ensures that many use the expression without knowing exactly what it means. A widely usual and respected concept, derived from the Organization for European Co-operation and Development (OECD) (2001), refers to governance as development politics which are oriented by assumptions of: management, responsibility, transparency and legality of the public sector.

Bovaird and Löffler (2003) believe that public governance represents a new generation of administrative reforms of the State. For these authors, governance refers to the values and ideas of the New Public Management or Public Management Administration, characterizing an evolution of the term. New Public Management (NPM) propelled the administrative reform in various countries and has gained force, which made it known worldwide. According to Rhodes (1997), the debate of public governance is a consequence of the NPM movement. In Brazil, the influence of the NPM was preponderant for the administrative reform which created the Master Plan for Reforming the State (PDRAE), stimulating a management with less government and more governance. The PDRAE was the inductor to the growth of non-governmental organizations, executive regulative agencies in the Brazilian scenario. The non-governmental dimension is relevant to governance debate. There are no doubts that the emergence of these non-governmental players contributes to the development

of public governance. According to Kooiman (1993), with this dynamic in society, governance is needed, providing interaction between public organizations, non-governmental organizations, citizens, public politics networks and private organizations, seeking solutions for collective problems.

Watkins and Arrington (2005) explained that the practices from NPM may be found all over the world. The authors acknowledge the importance of accounting and its expansion in the NPM process and American politics. They also mention that the NPM provided the development of various initiatives such as the reform program denominated National Performance Review (NPR), created in the 90s in the administration of Clinton and Al Gore. The NPR was oriented by the ideas from NPM which aimed at an administration with smaller cost, based on performance indicators financial goals and resource allocation rules. In the NPR, Vice-president Al Gore organized teams with the objective of identifying problems and offering solutions and ideas, implementing new practices which would diminish the costs and increase the profits of governmental activities (Watkins and Arrington, 2005). In order to achieve these objectives, it was necessary to examine the federal organs, such as the budget politics, its acquisitions and personnel contingencies. In this sense, the accounting practices were crucial in performing the objectives of the NPR. The report from NPR showed that it was necessary to issue a set of accounting norms in order to provide standards and methods for identifying, for example, the actual unit cost of government activities (Watkins and Arrington, 2005). In addition to the NPM, the new governance concept, emphasizing the financial responsibility of the governments, contributed to the changes in accountability, budget and accounting reforms in various countries, especially developed countries such as the USA and Europe. These reforms embody a series of incentives to encourage a better management and provide a larger economic resource allocation. In this context, accounting becomes an important tool for the constitution of responsible institutions (Pina et al., 2006). Even in less industrialized countries and those with low alphabetization rates, it is possible to find initiatives of citizen group capacitation by means of education on fiscal politics. Rahaman (2010) mentions the African governments in this challenging task and explains that accounting and technology have contributed to the democratic process.

The public governance approach defends deliberative democracy, the participative tools and the arrangements in which citizens may discuss public politic matters. Under this approach, different from the NPM, citizens are not only clients of the public administration, but are actively involved in various phases of the public politics cycle: elaboration, implementation, control and evaluation.

Public governance implies collaboration between government and citizens in all phases of the political cycle (Snijkers, 2005). In this context, Pina et al. (2006) explain that citizens are not subordinate to the government; citizens and government are in a relationship of equality, since they are seen as partners. In this sense, the government needs to have larger transparency and responsibility in the accountability dimension, promoting information disclosure and improvement in engaging citizens in public matters.

Public accounting for what and for whom?

Public accounting is a branch of accounting sciences with objective of registering, controlling, interpreting and informing the phenomenon which affects budget, financial and patrimonial situations of direct and indirect administration of the public entities, be them of the union, states, municipalities and federal district (Matias-Pereira, 2009). Public accounting is as important as the accounting applied to organizations of the private sector. However, in the past, public accounting was limited to accounting of public organs and it set aside using its information and controls in order to better conduct public negotiations. The information generated by accounting, according to Santos and Reis (2005), must be an instrument in the planning, budget (elaboration, approval study, execution and result evaluation), control and disclosure processes of the management performed in all societies, that is, accounting information does not concern only public organs.

In fact, accounting must fulfill its finality which, according to Ludicibus (2000), is "providing relevant economic information so that each user may make his own decisions and perform judgment securely". In this sense, this study raises a few reflections: "what is public accounting for and who does the public accounting information interest". The information provided by accounting does not have value if one does not know what it represents, if there is no interested user and if there is no use or credibility. The changes in paradigms, administrative reform and alterations in the legislation have revealed a new conscience, that in which public things concern all of the citizens. Public accounts are of interest to citizens, for they finance public entities by means of paying tributes and duties. According to Governmental Accounting Standards Boards (GASP) (1987), the three groups of users of accounting information in the public sector are: citizens; government and representatives; investors and creditors. In the works developed by GASP, citizen is evidenced as a part of the group of users of accounting information in the public sector.

If public accounting does not generate information, it

will not be achieving its objective. Accounting, according to Ludicibus (2000), must generate information in lead time and be useful to its users. When the information is useful but not timely, it has only the effect of a "photograph" which informs a situation of the past, for it loses its validity in time. And when the information is timely but not useful, it is generating cost and rework for the public sector. Therefore, with the evolution of public accounting and of the acknowledgment of these users, emphasizing the citizen group, it is primordial to debate on the quality of the accounting information, which is also responsible for promoting public governance.

METHODOLOGY

In this section are presented the methodological procedures used in this study. This investigation is characterized as a qualitative research. The qualitative research may be defined as that which is based on analysis which, at first, does not use statistical tools in the interpretation of the data. The qualitative approach, that is, the qualitative investigation is most prone to guide this research, since the focus of this article is in comprehending facts more than in its measurements (Lazzarini, 1997). We highlight that the main objective of this article is to analyze the literature on accounting from the public governance context.

This research may also be characterized as descriptive, since it describes the role of accounting in the public governance process and the challenges of the accounting reform in the Brazilian public sector. In regard to the logic of the research, we used the inductive, that is, the theory will be formed from the empirical observation of reality. In this study, the theory will be formed from the observation of aspects of the Brazilian public governance process and the public accounting reform.

In addition to qualitative and descriptive, this research is considered bibliographical. Koche (2009) states that, in this type of research, the investigator makes a survey of the knowledge available on the area, identifying the produced theories, analyzing them and evaluating its contribution to aid in comprehending the object of the investigation. For the collection of the theoretical texts, we sought: the identification and selection of the pertinent bibliographical material; reading and annotations of the material with the purpose of identifying the central ideas; elaboration of a list of keywords to facilitate locating the themes at the time of writing; and analysis of the content of the noted material in order to elaborate the final considerations (Ferrarezi, 2011).

In order to perform the bibliographical research, we consulted the following bases of periodic portal of the Coordination of Improvement of Higher Education Personnel (CAPES): Web of Science (Thomson Scientific / ISI Web Services), Sage Journals Online, Science Direct (Elsevier) and Scientific Electronic Library Online (SciELO). A few of the periodic mentioned in this study did not use this selection criteria but were chosen for discussing a subject of interest of this investigation, that is, presented proximity to the theme and objective of the research. The main keywords of this investigation were: public accounting; public governance; and accounting reforms.

In this research, the data were collected by means of a bibliographical research and documental research. For Richardson (2008), "documental analysis consists of a series of operations which address studies and analysis in one or many documents in order to discover the social and economic circumstances with which they may be related." Thus, we analyzed the following documents

in this research: normative instruction, law and resolutions of the federal accounting council in Brazil. All of the documents are related to the functioning of accounting in Brazil and its accounting reform.

RESULTS AND DISCUSSION

The results and discussion of this study are divided into two parts. The first presented the role of accounting in the governance process, presenting experiences in Brazil, such as the implementation of the Fiscal Responsibility Law (LRF) of the Computerized System for municipal accounts (SICOM), and of the by the Brazilian Accounting Standards Applied to the Public Sector (NBCASP), among others. The second part approached the challenges of the accounting reform in the Brazilian context.

The use of accounting in the Public Governance process

In previous decades, governments have tried to improve their accounting information systems in a manner to make them more useful, reliable, efficient and transparent. As a result, it is possible to verify important accounting reforms in different countries around the world (Christiaens, 2004; Darós and Pereira, 2009; Nasi and Steccolini, 2008; Pérez and López-Hernández, 2009; Ramadhan, 2009; Vicente et al., 2012). Carlin (2003) explains that public accounting is going through a period of changes. Seeking to provide public governance leads the international organisms to question the quality of the information and review the accounting practices.

Many studies such as the work of Daniels and Daniels (1991) and Pallot (1992) have highlighted the importance of accounting in the public sector with the needs to promoting public governance. Pallot recognized the paramount importance of accountability, of the democratic control over public resources, since the scenery needs to offer visibility to the citizen and emphasize the socio-political nature of accounting. Public governance paradigm announces that the public sector needs to strengthen its transparency; stimulate the participation of the citizens; reinforce its managerial capacity; orient and accompany contracts, partnerships and relations with the private sector and among the public sector, encouraging the formation of public networks for public interest. Along previous years, accounting has been assuming importance in other disciplines such as in problems regarding public politics and a simpler wider manner of management. Thus, we present a model noting the potential contributions of accounting for the development of public governance and its possible results in this process (Figure 1).

Performing registry, classifying and controlling patrimony which concerns the citizens;

For Silva and Felix (2012), accounting aims at fulfilling control capacity performance planning, registry and classification. Silva and Félix (2012) explain that for an effective accounting control, accounting must perform registry faithful to all operations and point out irregularities, seeking to preserve the patrimony of the entity (be them city halls, public organs) which concerns the citizens. The accounting survey in the public sector refers to the following premises: "a) all operations must be accounted for; b) the operations must be related to the entities' purpose; c) the accounting documentation must be filed; d) all accounting release must be done after the exam or control of the proof or document" (Félix, 2012). According to the authors, the accounting survey includes: bookkeeping, accounting verification, inspection and information.

Bookkeeping is the permanent registry of the public entity which allows the monitoring of the modification which reaches the patrimony and in chronological order of events. Accounting verification corresponds to inventory, determination of the results and balances. Inventory consists of verifying the characteristics of goods, rights and obligations. In this sense, it is important to highlight the classifying capacity of the active, passive and patrimony accounts, aiming at better control and management. Inventory constitutes physical and accounting survey. The balance permits the user to know the patrimony under a static point of view and the demonstration of the result shows the composition of the receipts, costs and expenditures within a dynamic conception. The inspection is directly related to the auditing and aims at inspecting if all the operations were correctly accounted, if all the releases are accompanied by bona-fide documents, if all the operations are in accordance to the law (Silva and Félix, 2012). Information, according to Silva and Félix (2012), is the central point of accounting. For these authors, knowing and studying types of users is an obligation of all governmental institutions and those responsible for the accounting system in the scope of the public sector. Information is directly related with transparency, a basic premise of a responsible management and which seeks a better interaction between the State and the citizen.

Displaying (disclosure) the accounting information in an accessible and transparent manner providing the citizens with a better vision of the *res publica* management

Many studies such as Christiaens (2004) and Ramadhan (2009) have pointed out that the emphasis in patrimony

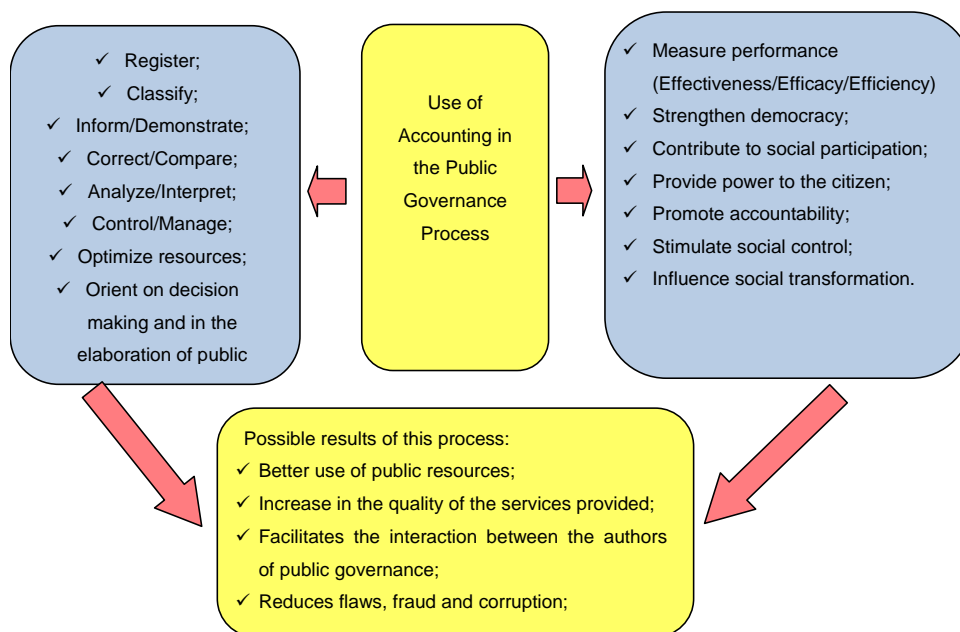


Figure 1. The potential contributions of accounting in the development of public governance and its possible results in this process. Source: Elaborated by the authors.

by public accounting is a preponderant factor for perfecting the accounting disclosures in the public sector. The emphasis in patrimony presents information more compatible to reality. In this sense, the adoption of depreciation, amortization, exhaustion accounting; the registry of intangible goods and those of common use; the evaluation and measuring of goods at market value and the acknowledgment of passive contingents provide the users of accounting information a better view of public management.

In democratic regimes, citizens' access to information is guaranteed by law. In Brazil, this right is assured by law no. 12,527 of 2011. The internet is a tool which facilitates the disclosure of public accounting information to the citizens. The use of Information and Communication Technologies in public administration has strengthened with the New Public Management movement and also with the pursuit for a good governance, emphasizing the importance of transparency in accountability (Lee et al., 2011).

Accounting presents an important role, since it can demonstrate the results in values and qualitative gains. People are not interested only in the monetary values; they also want to know the result which affects the life of citizens. For example, if a city fore sought the spending of US\$ 100,000 in a year in school transportation and actually invested US\$ 100,000 during the year, this information is not enough for the population. Citizens

want to know the result. Therefore, did this US\$ 100,000 meet the established goal for school transportation, which was 100% of the students enrolled in public schools? If of the established goal, only 80% of the students enrolled were assisted because the other 20% of the students live in rural areas with difficult access, demanding more investment in order to fulfill the goal, then there is deficiency; that is, the goal in monetary value was met, but in the qualitative scope, it was found wanting. This information may be generated by accounting and in a manner which provides larger transparency to the citizens and a better view of the *res publica* management.

Correcting deviations capable of affecting the equilibrium of the public accounts by means of developing efficacy, that is, seeking to fulfill the objectives fixated in the action programs and performing a comparison of the results actually obtained with those foreseen

Public accounting exercises an important role in controlling public accounts. In Brazil, the publication of the Fiscal Responsibility Law (LRF) impacts public accounting. The alterations in public finances induced by the LRF directly reach public accounting, suggesting the need for adaptation. The LRF adds the Fiscal Management Report (RGF) and the rendering of accounts,

reinforcing the demand for the Summary Report of Budget Execution (RREO) which is elaborated with information produced by public accounting (Complementary Law no. 101/2000).

The Computerized System for municipal accounts (SICOM), tool conceived by a few audit offices of the Brazilian states, contribute so that the monitoring of the municipalities' accounting be monthly. Previously, accounting was presented every two months, four months or annually. With the implementation of the SICOM, many municipalities came to perform the monthly monitoring of the budgetary execution. Presenting the information almost at real-time strengthens accounting, reinforcing its preventive action, identifying flaws which may be corrected in time (Normative Instruction n. 10, 2011).

Silva and Félix (2012) highlight the importance of comparing the accounting data of same entities and between entities of the same sector, showing the financial economic situation of the entity along time. Machado and Holanda (2012) explain that comparative analysis is relevant to the public sector since it "facilitates the identification of inefficiencies and opportunities of cost reduction; the evaluation of results and performance, as well as benchmarking and low added value activities".

Evaluating the results under the aegis of the efficiency and economy of public expenditures, operationalizing at the minimum cost possible

Matheson (2002) states that accounting reform is one of the most current subjects in the world of public management. The new paradigm highlights the importance of accounting costs in the public sector. In the Brazilian context, the LRF and NBCASP establish that a cost system which allows the evaluation and monitoring of budgetary, financial and patrimonial management be implemented.

Most of the Brazilian public entities do not allow the identification of the precise costs of each activity and project. In reality, what occurs is the definition of costs based on a value referent to previous budgets. The new era of public accounting values the verification of costs in an accurate manner, seeking efficiency and economy (Baracho, 2000; Machado and Holanda, 2012). Population gains with the optimization of public expenditures. In addition to the benefit of the better use of public resources, the verification of costs contributes for the citizens to have larger knowledge of the actual expenditures of public administration.

Orienting public politics

To Machado and Holanda (2012), there is a direct rela-

tionship between public politics, resources, activities and cost objects. The authors mention that the "definition of public politics is the main determinant of cost in the public sector, from which derive the programs and actions, as well as the identification of the resources necessary to execute them". Graham (2010) states that accounting has contributed for the construction of public politics, such as the investigation performed in retirement politics in the Canadian system. Graham's study contributed to the debate and comprehension of the role of accounting in the definition of public politics over age and the preparation of the citizens to old age.

Many studies (Miller, 1990; Neu, 2006; Rose, 1991) have demonstrated that the relation between numbers and politics is mutually constitutive. According to Rose (1991), the exercise of politics depends on numbers. In addition, the image of the political life is molded by the reality which numbers seem to reveal. Rose (1991) explains that economy is evaluated by means of numbers. Poverty may also be demonstrated by numbers and, consequently, the claims for social benefits may also be transformed in numbers. Rose (1991) investigates accounting, noting it to be an instrument which makes modern government possible. However, there is a paradox in this context. At the same time in which numbers reach a privileged status in public politics, they may lead to the depoliticisation of politics and public spaces. Depoliticisation may occur with the use of specialized and technical knowledge and compromises the efficiency of the participation of civil society. A research performed by Fonseca et al. (2012) reveals that, though the presence of specialized and technical knowledge may constitute an obstacle for participation, there is no way to empty or reduce the space of the knowledge. Emptying the specialized and technical element may generate loss in regard to the quality of acts and deliberations emanated from a political process. Therefore, the path is to democratize accounting, develop the theory and promote the practice which aid accounting changes and transformation in the socio-political context in a more just society (Brown and Dillard, 2012).

Strengthening democracy and promoting empowerment of the citizen

Dellaportas and Davenport (2008) explain that in the 1930s, accounting was an obscured term and unknown to the public. Almost half a century later, little had changed. In 1970, accounting still did not have a direct influence over human relations. In the 1990s, accounting became of public interest, emphasizing social obligations, welfare and norms which reinforce the importance of public service. According to Dellaportas and Davenport (2008), in this context accounting aims at protecting the economic interests of third parties, facilitating an efficient

and effective decision and guaranteeing collective happiness and welfare. Miller (1990), Neu (2006) and Rose (1991) illustrate how accounting data are presented in the public spaces and in democratic processes, and how these data have the potential of changing public spaces and empowering citizens.

Cosenza et al. (2012) discuss the power of accounting and the power over accounting. In the first situation, the authors explain that accounting “becomes an instrument capable of providing power to individuals who understand the issue it contemplates, since accounting provides visibility over what happens in various organizational scopes. The criticism done in regard to the power accounting may provide to its users is exactly in the scope of democratization. However, accounting in organizations and society, while bringing ideas which are difficult to understand and strange to the language and common epistemology, may restrict this power (González, 1999). In the second situation, Cosenza et al. (2012) express the power over accounting. For these authors, there is also “the accounting dependence to decisions emanated from the dominant economic and social structures and those historically established, such as State politics, capitalist spirit, ethnical and social cultures and traditions”. The influence of the International Financial Reporting Standards (IFRS) or Generally Accepted Accounting Principles (USGAAP) in the accounting practices applied worldwide is an example of the dependency of accounting to the structures.

Promoting responsibility (accountability) of the auditing activity of public managers to the society

To Nakagawa et al. (2007), accountability is the reason accounting exists. The authors mention the case of a merchant in the year of 3250 b.C., who traveled to make business and left merchandise and money (silver) with his agent. When returning, he would ask for an audit in a just and legitimate manner. This responsibility in auditing is related to the concept of accountability. Thus, accountability may be interpreted as a purpose of accounting (Leemans, 1950; Nakagawa et al., 2007).

In the public sector, accountability refers to the obligation of the public agents (servers, managers and politicians) of auditing their acts, informing society on the use of public resources. In addition to the duty of auditing (answerability), accountability includes the power to impose sanctions to those who violate their obligations (Bovens, 2007).

In Brazil, the code of the best corporative governance practices published by the Brazilian Institute of Corporate Governance (IBGC) presents basic principles such as transparency, equity, auditing, corporative responsibility that, according to Slomski (2005), are also applicable to

organs and entities of public administration. This code may reinforce the potential of accounting which is promoting responsibility of auditing to society.

Providing information and guarantee procedures for the instrumentation of social control, encouraging the supervision of public expenditures by society and stimulating social participation in budgetary planning and execution processes

One of the instruments that public administration relies on to perform the capacity of control is accounting. Be in internal or external control, accounting may exercise this capacity enabling useful, consistent and quality information. Accounting uses managerial or operational control, book and documental, becoming the best and most efficient instrument in the control of Brazilian public administration (Silva, 2004).

Mendes et al. (2008) explain that the initial mark of public accounts in Brazil occurred in 1988, with the creation of the homepage entitled “public accounts” (www.contaspublicas.gov.br) on the internet. After almost a decade, in 2005, it evolved into the “Transparência Pública” homepages (public transparency), obligating the organs and entities of federal public administration to transmit detailed information on the budgetary and financial execution, in order to feed the data base in this portal. This action guarantees disclosure of accounting information from the federal organs.

According to studies performed by Coelho et al. (2011), “accounting information assures popular participation, in order to achieve a responsible fiscal management politic”. According to these authors, accounting is an important tool for exercising social control. Rocha (2011) states that “social control is the means by which citizens know where public resources are being allocated to”. For Rocha (2011), the control and surveillance of public resources are indispensable instruments for the construction of a more equal and just society. Also according to Rocha, Brazil needs to overcome the myths of social control, such as that which says the population has no interest or capacity in supervising. It is necessary to change the Brazilian scenery which is among the most unequal societies in the world, not for lack of richness, but for lack of justice. The corruption and passivity of the Brazilian people are strongly present in the reality of the country. This shows that accounting still has a large challenge ahead to contribute to the construction of social control.

The Office of the Comptroller General (CGU), which is a Brazilian organ and aids the presidency in regard to public patrimony and management transparency, has adopted measures which encourage the use of accounting as an instrument in various acts and programs. Among the measures adopted, we may mention: a) the

construction of websites of public transparency; b) the implementation of the “Olho Vivo no Dinheiro Público” program (Keeping an Eye on Public Money Program); c) the program of surveillance by raffle of the cities; d) the creation of magazines and the celebration of agreements with universities; e) the creation of a public transparency council and battle against corruption (Office of the Comptroller General, 2013). All these measures use information generated by accounting in order to stimulate social control.

Performing an active role in social transformation

A research developed by Bryer (2011), in cooperatives located in Buenos Aires, Argentina, by means of analyzing material from ethnographic documentation, demonstrates an involvement of accounting practices in worker collaboration dynamics. The accountability regarding the cooperatives manifests identity and collectiveness in these organizations. The information contained in the accounting reports unleashes a change in the workers' attitude and behavior. After verifying the accounting reports, the workers comment in meetings that they need to be more socially responsible, improve their efforts, and accompany their competitors in order to obtain better results. Bryer's research shows that accounting practices incorporate and express many objectives and values. His study highlights that accounting does not serve to identify the result but it may also contribute to planning other activities. In the cooperatives studied by Bryer, instead of reflecting only an economic reality, accounting represents organizational meanings, leading the workers to question their needs, propose projects that may benefit the community inside and outside of the organization. Accounting is not only a technique; there is an interaction between accounting and the individuals. In the same manner in which accounting interferes in social relations, social structures also affect accounting (Ahrens and Mollona, 2007). While analyzing documents and social interactions, Bryer (2011) identifies that accounting practices may distort communication but also stimulate people to clarifying their concerns by means of constituting a social consensus.

The studies performed by Sargiacomo and Gomes (2011) acknowledge accounting as a technical and social practice, with implications of the organizational and social operation. While investigating local government accounting, the authors verified that it causes an impact in the planning and control process of local community activities. Accounting is relevant in social transformation and socio-economic development process. In addition, accounting also presents potentialities which may promote human development (Molisa, 2011).

The challenges of accounting reform in Brazil

The modifications brought on by the Brazilian Accounting Standards Applied to the Public Sector (NBCASP) in Brazil, in 2008, aim to adapt to the international standards of the International Public Sector Accounting Standards (IPSAS) of the International Accounting Standards Board (IASB) and of the International Federation of Accountants (IFAC). NBCASP aims at providing uniformity to the reports, so that these may be interpreted by various professionals in different countries (Ferreira and Marchesini, 2011). In addition, the new changes make accounting demonstrations more transparent and bring larger responsibility to public management, elevating its efficiency and efficacy (Xavier et al., 2010).

The main changes brought by these new rules regard patrimony disclosures. A criticism to public accounting is the emphasis it attributes to budgetary execution to the detriment of patrimonial disclosure. With public accounting new reality, patrimony gains relevance, adopting: accounting of depreciations, amortizations, exhaustion; registry of intangible goods and those of common use; implementation of the cost system; evaluation and measurement of goods at market value; evaluation of management risks; new demonstrations such as cash flow, economic result and patrimony mutations; consolidation of the demonstrations; among others (Brazilian Resolution of the Federal Accounting Council n. 1.121, n. 1.128, n. 1.129; 2008). The results of the research performed by Vicente et al. (2012) show that public accounting in Brazil has sought to better disclose their actives and passives, including the contingents. The Brazilian accounting reform opens possibilities for acknowledgement, evaluation and presentation of State activities, resources which values did previously not match reality; such is the case of real estate, infrastructure and common used goods.

The studies performed by Xavier et al. (2010) show that NBCASP affects the informational capacity of the accounting reports elaborated by a public entity, allowing a larger understanding of the demonstrations and transparency of expenditures, also allowing the obtaining of information of how much is raised and spent in Brazil. Ferreira and Marchesini (2011), while analyzing the alterations and innovations inserted by the NBCASP, highlight that “these changes will bring institutional strength of the public entity, offering the citizen a management of transparent resources, with relevant information of the application of money raised by tax and rate collecting”. These studies highlight the importance of the role of public accounting in this new reality which requires the participation of the citizens in the implementation of public politics and social control.

The discussion of the harmonization of the accounting

norms has the purpose of improving and perfecting public accounting, aiming at a larger transparency, accountability and control, that is, it seeks to promote public governance. The next by the Brazilian Accounting Standards Applied to the Public Sector (NBCASP) in the Brazilian Resolution of the Federal Accounting Council n. 1121/2008, highlights the importance of public accounting in providing the users with information, aiding the process of decision making, adapting to accountability in order to support the orchestration of social control. In addition to the financial bias, in this new rule, public accounting is also responsible for informing physical and qualitative aspects of the patrimony of the entity in the public sector (Carvalho, 2010). Darós and Pereira (2009) explain that these new changes range aspects of patrimonial accounting, devices referent to cost implementation, amplification of accounting control, elevation of law efficiency and effectiveness (LRF and Law n. 4320 of 1964) regarding the objectives of promoting planning, transparency and responsibility of fiscal management. The new norms have the purpose of bringing public accounting to the new reality of the world, which requires larger transparency and social control. This reality also demands that the professionals acting in the area of public accounting participate in the decisions in the entities' strategic scope. NBCASP's larger concern is performing the convergence of the norms, seeking information quality. NBCASPs are legal instruments to promote public accounting reform in Brazil. Vicente et al. (2012,) state that with the new reality and the new public administration models, the proposals for reform in the accounting applied to the public sector seek to point solutions which correct this structural problem and accompany the evolution of the theories which deal with the State's performance over the administration of resources originated from citizens' contribution.

NBCASP adopts the regime of competence for public patrimony accounting; promotes the distinction of public budget and accounting; alters accounting demonstrations, expanding government fiscal transparency; institutes the cost system, uses depreciation, recognition of intangible actives, contingent passive and the evaluation of non-financial actives such as real estate and infrastructure (Vicente et al., 2012).

The theme of public accounting reform is current in the world of public administration in many countries of the Organization for Economic Cooperation and Development (OECD). According to Dees and Neelssem (2004), countries such as the United States of America, New Zealand, Australia, United Kingdom and Sweden were pioneers in adopting the regime of government budgetary competence and in public accounting. Brazil is in the process of accounting reform. After the NBCASP edition in 2008, the public entities are adapting to the new reality. A first sight, accounting reform seems to restrict

itself in technical discussions. However, Matheson (2002) argues that accounting practices have deep implications for the growth of a nation and are key elements to obtain good governance.

Conclusion

In Brazil, after the influence of the NPM and public governance, a few initiatives of the accounting reform are already visible, even if not consolidated. Such changes are capable of providing comparisons of the results achieved by the governments in expanding the quality of accounting disclosure. The expectancy after adopting the norms is that accounting may report the financial economic situation of public entities and governments in a more precise and transparent manner.

The theme of public accounting reform is current in the world of public administration in many countries. Many countries have already adopted the regime of competency in government budgets and public accounting. Brazil is in the process of an accounting reform. This study shows that the accounting practices have deep implications for the growth of a nation and are key elements to obtain good governance. On the other hand, we criticize that the accounting practices and mechanisms not always seem to be capable of promoting governance. With accounting not meeting reality (without depreciations, amortizations, exhaustion, etc.) and lack of accounting information to make decisions and supervision, how will it be possible to promote public governance? This is the new challenge to public accounting: to becoming more transparent and useful, giving more responsibility to public management, aggregating larger value and stimulating all groups in society. It is possible to verify that many countries, including Brazil, are already performing accounting reforms, seeking better quality of accounting information and, consequently, good public governance.

The current context of the world demands higher quality of accounting information, which has unleashed accounting reforms. Accounting has been criticized for not presenting information in quantity and quality according to its users' desire, especially in regard to citizens' user group. On the other hand, this study performs a reflection on the potentialities of accounting in perspective of public governance, demonstrating the use of accounting in this process. The accounting systems are adapting to the new demands of public governance, which might be seen with the standardization of accounting aiming at transparency, credibility and accountability.

This research presents a contribution for the field of accounting, in the sense that the increasing citizen conscience requires that the professionals of the area

use the accounting practice aiming at a better disclosure of its use and employment of public resources. The new context discussed in this study shows that public accounting may perform a relevant political and social work, from the moment in which updated demonstratives be elaborated, which would disclose with quality, efficacy, efficiency and economy the public expenditures in favor of society. In addition, the research may contribute to awaken discussions and reflections on the importance of accounting information for society, which has been shown, in this new time, intolerant to bad management, fraud and waste. In Brazil, this intolerance may be proven with innumerable population manifestations, which take the streets in many states of the country in 2013. The legislation and awareness of the population has been stimulating the disclosure of accounting information of public resources in order to provide more transparency, governance and involvement of the entities, associations, non-governmental organs and the citizen in social control. This study reinforces the relevance of accounting in public and democratic spaces, stimulating a reflection on its influence in empowering the citizen, promoting social control and the transformation of society. With the needs in this scenery, we realize that accounting is important, since when imagining how these contexts would be without accounting, we would certainly find social disorder, absence of control and confusion in the decisions regarding public politics. This is what may be seen when the immense potential of this science is not used or using inadequately. It resides in the hands of professionals and academics of the accounting area, to contribute to the improvement and expansion of accounting capability in the socio-economic development of a Nation.

The present study points to the need of performing empirical research on public accounting practices, which contribute to promoting public governance. Investigation in this domain is still scarce. We suggest that future investigations perform empirical studies using the model presented in this study, by testing accounting potentials and identifying the results.

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