



**THE IMPACT OF THE FUTURE APPLICATION OF INTERNATIONAL ACCOUNTING STANDARDS IN THE PUBLIC SECTOR IN DEVELOPING THE PERFORMANCE OF GOVERNMENT INSTITUTIONS APPLYING THE GOVERNMENT ACCOUNTING SYSTEM AND ITS CONTRIBUTION TO ACTIVATING THE ROLE BY THE FEDERAL BOARD OF SUPREME AUDIT IN THE REPUBLIC OF IRAQ**

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**ABSTRACT**

The government accounting system is a tool used by the state through its units to implement its strategic objectives, to raise the level of services, and to provide government financial data in a clear and transparent manner on the financial situation of the state. In order to develop that system, the International Federation of Accountants sought to create a unified global framework for accounting in the public sector by adopting International Public Sector Accounting Standards (IPSAS), and one of the objectives of these standards is to convert the basis of accounting measurement from the cash basis to the accrual basis, which has an impact on the quality of financial reporting, achieves transparency, accountability, evaluates performance, and facilitates the process of integration with the international community, as well as activating the role of oversight bodies in auditing and control.

As the research problem was confined to how the impact of these standards on government units and its reflection on improving the quality of the lists and financial statements and its impact on activating the role of the oversight authorities on these units, the research was built on major hypotheses that meet at the same time to implement the standards (IPSAS) that improve the quality of the accounting system. A model was prepared for the financial statements of the research sample according to (IPSAS) with proving the hypotheses of the study on conducting the descriptive statistical analysis of the questionnaire

**KEY WORDS**

International Public Sector Accounting Standard, Government accounting system, Non-profit Government departments, Financial statements, Iraqi public sector.

prepared for that, with a statement of the results of the tests by calculating relative importance indicators, arithmetic averages, standard deviations, correlation coefficient (Pearson) and simple linear regression coefficients.

The researcher concluded that there are shortcomings in the presentation and disclosure of the financial data of the study sample of the current government accounting system, and the study recommended the need to move towards the use of the experience of countries in adopting and applying standards (IPSAS) for the purpose of convergence between the systems of the world and the government accounting system approved in Iraq.

The study of accounting theory aims to deepen understanding of the intellectual basis on which the theory is based in light of the developments and developments witnessed by the profession and accounting research and the shift from searching for accounting principles to searching for accounting standards, which aims to develop the contemporary accounting model and identify alternatives to accounting measurement, and that the intellectual framework Accounting is based on a set of assumptions, concepts and principles that govern the processes of measurement, recording, summarizing and communicating. Examples of this include (the concept of the accounting unit, imposing the unit of monetary measurement, the principle of continuity, the principle of cost, the concept of verification, the principle of continuity, the principle of consistency, the policy of caution, the cost rule). Or the market, whichever is less, the accrual basis, the monetary basis, relative importance, the principle of matching revenues with expenses, the principle of objectivity, imposing the stability of the purchasing power of money) and the truth is that most of the concepts and procedures related to practices are closer to customary rules, traditions, or conventions than to scientific principles. The nature of the theory can be revealed through the tools of the theory, which are considered a key to knowing how the theory works, and among its tools for application to reach the targeted results, which are used in accounting practices, which means doing something and which are used as a guide to standards, which are the set of techniques, procedures, and customs, and This requires choosing techniques through preferred procedures and customs according to certain circumstances and using them as a guide in setting standards. However, it is clear that the techniques will not give the best results if they do not take into account accounting thought. Rather, it must be said that accounting thought must search for the reasons for these practices and Interpreting them, especially unstable practices, in order to become part of accounting theory .

Accounting theory is the basis for evaluating current accounting standards and predicting future accounting standards, by determining the level of consistency of those standards with the specific accounting objectives and concepts, because accounting standards are, in fact, means of achieving accounting objectives.

The researchers focused on harmonizing public sector accounting with the adoption of international public sector accounting standards by integrating three main streams that represent the main ideas of the main theories that form the theoretical basis of our research, which are:

- .1-New public administration
- .2-New institutional theory
- .3-The theory of allocated funds

Applying the new public administration system and the new institution theory are among the means that we can rely on in applying international accounting standards for the public sector. As for the allocated funds theory, it is one of the theories that is based on a set of concepts, foundations, general principles, and typical procedures on which government accounting is based .

In order to contribute to the development of international economies, for the purpose of serving public interests, to strengthen the accounting profession on a global scale, and to raise the level of commitment to high-quality professional standards, and with the aim of international consensus on these standards, the International Federation of Accountants, through the International Public Sector Accounting Standards Board, issued the International Public Sector Accounting Standards. General (IPSAS) (International Public Sector Accounting Standard), which would affect financial reporting in the government sector, which consists of a group of non-profit government units, but seeks to reduce the deficit and expenditures, and as the dominant sector with the power of politics and the level of development that it works to achieve. In light of the conditions of continuous growth in public spending and limited resources, there must be reforms aimed at achieving effectiveness and rationality in public spending by adopting those standards. These units constitute the public sector, which is considered the largest part of the national economy, and collectively they form branches of one institution represented by the state, which is related to the financial lists and statements, which It is required to be issued by government units in a way that meets the requirements for presenting financial statements clearly and accurately by the relevant authorities in the international community, and when these standards are applied, it will be reflected in the contents and details of the financial statements and statements.

The first axis: research methodology and previous studies.

The second axis: Explaining the impact of adopting the standards (IPSAS) in developing the performance of government institutions applying the government accounting system and explaining the role of the Federal Financial Supervision Office's contribution in developing the performance of those institutions.

The third axis: Organizing and preparing a proposed model for the financial statements for the research sample in accordance with the requirements of international accounting standards in the public sector.

Fourth axis: descriptive analysis, statistical analysis of results, and hypothesis testing.

The fifth axis: conclusions and recommendations.

## **The first axis: research methodology and previous studies.**

### **First: research methodology:**

1- Research problem / Many studies were directed towards urging public sector units to implement international accounting standards for the public sector, as the International Federation of Accountants, through the International Public Sector Accounting Standards Board, adopted the issuance of international accounting standards in the public sector that would affect reporting. Financial statements in non-profit government units related to financial statements and statements that are required to be issued by government units in a way that meets the requirements for presenting financial statements clearly and accurately by the relevant authorities in the international community, which encourages the following of standards according to the accrual basis of accounting, which has an impact. It is important and important to improve the quality of financial statements and reports provided by the government accounting system.

In light of the above, the problem of the study can be reflected in the following question:

((What is the impact of applying international accounting standards in the public sector (government units and institutions), which encourage the following of standards according to the accrual basis of accounting, which would affect the presentation of financial statements in a clear and accurate manner, which will be reflected in the contents and details and improve the quality of the financial lists and statements issued? Of the government units and their impact on the activity of regulatory bodies, their contribution, and activating their role in those units ))?.

2- Research objectives: A set of objectives have been set that we seek to achieve through this study:

- a) Highlighting the impact of international accounting standards in the public sector and their contribution to developing the work of the supreme audit institutions in the public sector, represented by the Federal Audit Office in the Republic of Iraq.
- b) Improving and developing the activities of public sector units, while demonstrating the impact of applying international accounting standards for the public sector in achieving transparency and accountability and facilitating the process of integration with the international community.
- c) Work to explain the impact of the shift from applying government accounts prepared on a cash basis to an accrual basis in accordance with international standards for the public sector.

3 - The importance of the research: The research derives its importance from the important role played by international public sector accounting standards, which would affect financial reporting in non-profit government units related to financial lists and statements, which require their issuance by government units in a way that meets the data presentation requirements. Financial statements in a clear and accurate manner, and when these standards are applied, it will be reflected in the contents and details of the financial lists and statements issued by government units, which encourages following the standards according to the accrual basis of accounting, which has an important and significant impact on improving the quality of the financial statements and reports provided by the government accounting system. In addition, it also affects the activity of the regulatory bodies, their contribution, and the activation of their role in those units.

4 -Research methodology: The inductive and deductive approaches were relied upon to prove the hypotheses by studying and extrapolating some previous writings and studies related to the subject of the study, and also by examining the conceptual aspect of those standards and the extent of their conformity with the reality of government accounting disclosure by providing better information to the financial management in the process. Decision-making in that sector and its contribution to developing the work and responsibility of the Federal Financial Supervision Bureau in the Republic of Iraq on the performance of government institutions applying the government accounting system in the public sector.

5- Methods of collecting data and information/The process of collecting data and information necessary to complete the research consisted of two main aspects:

First: The theoretical aspect: The researcher relied on sources, books, and publications issued by research papers, periodicals (Arab and foreign), and official Internet sites, as well as relevant international standards, laws, and legislation related to the subject of the research.

Second: The applied (practical) aspect: The analysis and study of the annual financial reports of the activity of the research sample unit and the extent to which they meet the requirements of the International Public Sector Accounting Standards (IPSAS) were relied upon, in addition to personal interviews with the officials in the Wasit Health Department, including accountants, auditors, and

directors of health institutions. In addition to the statements, records and accounting documents for the research sample unit, a model for the financial statements was prepared and designed in accordance with the requirements of the aforementioned standards, along with the preparation of a questionnaire model that includes five axes with thirty indicators or questions in order to prove the research hypotheses using the method of statistical analysis.

6- Limitations of the study: The limitations of the study were as follows:

- a) - Spatial boundaries: The study was limited in its applied aspect to the Iraqi environment of the public sector in the government units that apply the decentralized government accounting system for the health sector represented by the Wasit Governorate Health Department and all its health institutions and through the annual data and reports prepared by that department that are subject to the control and auditing of the Bureau Federal financial oversight.
- b) - Time limits: The annual financial reports of the research sample unit for the two years (2008-2009) were adopted as the latest data issued and approved by the Federal Office of Financial Supervision.

## **Second: Previous studies:**

### **- Arab Studies:**

1 - Al-Saidi's study - Ahmed Youssef (2017), the title of the study is (The Importance of International Public Accounting Standards (IPSAS) in disclosing the transparency of financial statements of the public accounting system). The aim of the study was to explain the contributions of international public accounting standards in developing the outputs of the public accounting system to serve... Users of those outputs in addition to obtaining the required information necessary to cover the deficit.

2 -Study by Nihad-Hussein Ahmed Ali (2018), the title of the study (The reflection of the adoption of international accounting standards for the public sector on the quality of financial reporting and performance evaluation in Iraqi government units), where the study aims to urge government units to adopt the accrual basis in accordance with international standards for the public sector. Instead of relying on a monetary basis, because it has an impact on the quality of financial reporting, achieving transparency and accountability, and facilitating integration with the international community.

3 -Study by Ali - Hatab Abd Ali (2020), the title of the study (Adopting international accounting standards for the public sector and the extent of their contribution to the governance of government units), and the aim of the study is to demonstrate the impact of adopting international accounting standards for the public sector on the validity of accounting treatments and presentation of the financial statements of public sector units. The application of the accrual basis of accounting and its contribution to strengthening governance principles through the consistency of accounting treatments and disclosures that achieve transparency in the management and control of public funds and the availability of - **Foreign studies:**

1 -study (Legenkova, 2016), the study is entitled "International Public Sector Accounting Standards Implementation in the Russian Federation" where the study aims to explain the differences between the government standards adopted by the Russian Ministry of Finance And international accounting standards, in addition to verifying the impact of (IPSAS) on reliability and credibility.

2-Study (Kartiko, et al, 2018), the study entitled (Measuring accrual-based IPSAS implementation and its relationship to central government fiscal transparency) (Measuring the implementation of accrual-based international public sector accounting standards and its relationship to the financial transparency of the central government), The study aimed to demonstrate the level of implementation of a sample



of (77) central governments (from 2008 to 2015) of the international public sector accounting standards used for the accrual basis, while indicating the level of implementation of those standards for (18) member states of the Economic Cooperation Organization. and development, in addition to the 59 non-member states of that organization, while testing measures related to the financial transparency of the central government.

3-Study (Ballesteros and Bisogno, 2020), the study is entitled (Public sector accounting reforms and the quality of governance) (public sector accounting reforms and the quality of governance), where the study aimed to improve public financial management and the quality of governance by clarifying the role Public sector accounting reforms, as it was investigated in a sample of member countries of the Organization for Economic Cooperation and Development, which rely on international public sector accounting standards that apply the accrual basis.

4-Study ((Ademola, et. al, 2020) Study title (International Public Sector Accounting Standards (IPSAS) Adoption and Implementation in Nigerian Public Sector)) (Applying International Public Sector Accounting Standards (IPSAS) and their implementation in the Nigerian public sector), as it aims The study aims to evaluate the relationship between International Public Sector Accounting Standards and the quality of financial reporting in Nigeria.

In light of the above, the researcher believes that previous studies focused on the necessity of adopting international publications and standards with the aim of improving the performance of government units that use the government accounting system due to the presence of deficiencies in the government accounting system in Iraq, which is based on the cash basis and the modified cash basis, as well as the laws and legislation that govern this system and the need to develop it. By relying on these standards, the current study is considered complementary to previous studies in terms of developing the government accounting system to suit the requirements of the International Public Sector Accounting Standards (IPSAS), and this study in general focused, with a different approach, on the most important points that affect the achievement of The main goal of the research is to shed light on the nature of the indicators and guidelines established by international accounting standards in the public sector and their impact on developing the work of the supreme audit institutions represented by the Federal Audit Office and their impact on the performance of government institutions implementing the government accounting system in the Republic of Iraq accountability tools for performance.

**The second axis:** Explaining the impact of adopting the standards (IPSAS) in developing the performance of government institutions applying the government accounting system and explaining the role of the Federal Financial Supervision Office's contribution in developing the performance of those institutions.

1- The concept of international accounting standards / in order to develop the accounting profession and make it keep pace with economic developments and major changes in the field of business, and the multiplicity and differences in international and local accounting practices lead to difficulties in making decisions in its various forms, as well as difficulty in making comparisons between companies and economic units, and thus Accounting has a major role in advancing the process of economic development of countries, as this is done through the issuance of unified international standards that regulate accounting work, because they give instructions and treatments for developing the accounting profession. Therefore, standards can be considered an honest and conscious translation of the level of thought available with all its elements of goals, hypotheses, concepts and principles. Scientific (Al-Shirazi, 1990: 123).

Abu Ghazaleh states in this regard: “The level of economic progress is reflected in the task and function of formulating accounting standards. There are economically advanced countries that have advanced accounting systems, which in turn is reflected in the development of the accounting profession, through developing the formulation of their accounting standards and preparing high-level financial reports.” However, in countries that have a non-advanced economic level, or are characterized by slow economic growth, the likelihood of the importance of issuing and developing such standards is slim, which reflects on the importance of preparing financial reports, which may include useful information for users of those reports.” (Abu Ghazaleh (1997: 6-7).

(Salloum and Nouri) defined it from the accounting aspect as (the basic guide for measuring operations, events and circumstances that would affect the financial position of the unit and the result of its work, from communicating information to its beneficiaries). (Salloum and Nouri, 2009: 12).

As for accounting standards in the public sector, they can be defined as (general guidelines that lead to rationalizing and organizing accounting work in government units) (Minh, 2014: 405).

The researcher believes that the accounting standard in general is (a standard, model, tool or general guidelines that represent solutions that have been formulated and circulated through studying the problems that occurred in practical accounting practices and identifying their causes through which description, measurement, comparison and accounting compatibility are achieved at the local and international levels in practices. And accounting applications, that is, achieving similar levels of disclosure and measurement from one country to another, and these must be agreed upon.

Until the current period, the International Accounting Standards Board has issued (42) accounting standards on the accrual basis and one standard on the cash basis.

2 -The importance, benefits or advantages of applying IPSAS standards / The importance of international accounting standards lies in achieving compatibility of accounting policies at the international level through unifying the preparation and presentation of financial statements and through modernization of accounting systems and working to improve the quality of government financial reporting, and adopting a global accounting language. One that will ensure its suitability, efficiency, understanding, reliability, timeliness, neutrality, comparability, transparency and accountability, leading to a qualitative change in accounting information and reports that will enhance confidence and empower investors and other users of accounting information around the world by providing guidance and direction to accounting professionals. In order to improve the quality of financial information and achieve full disclosure of the activity of public sector units (Ahmad & Khan, 2010:41).

3 -The experiences of some countries in switching to the accrual basis of accounting under IPSAS / The global financial crisis demonstrated the inability of countries to face their obligations and perform their services in the required manner, and the main reason behind this was the lack of transparency, its fragility, and the lack of clarity in public finances, in addition to the weakness from which it suffers. Good financial management rules, which affected the state’s ability to achieve accountability effectively. As a result, states were forced to reconsider their financial, accounting, and economic systems in a way that makes them more transparent. That is, the need for reforms in the public sector increased, by following the accrual basis that It is considered the first stage of reform. (Jabi and Meliani, 2017: 141).

IPSAS was adopted by many countries around the world, and New Zealand was the first to adopt and implement it, followed by Australia, the United Kingdom, Sweden and other countries. Recently, some

Arab countries, such as Kuwait, Morocco, and Jordan, began to shift to the accrual basis according to IPSAS. (Jabi, 2017: 684). Many countries around the world have moved towards accrual accounting due to the benefits it provides, such as increased transparency and accountability, as well as assistance in decision-making. In New Zealand, we find that financial reports are prepared at different levels according to the degree of spending, and Biro points out that the experience New Zealand is one of the exceptional experiences, through the solutions it has found. (Birro, 2010: 16)..

4 -Statement of the impact of adopting the International Public Sector Accounting Standards (IPSAS) in developing the performance of government institutions applying the government accounting system/The occurrence of financial crises, with the observation of collapse in some international companies, is caused by the failure to display information related to financial conditions with a lack of skill and experience in The field of accounting and oversight for some employees working in the public sector, which results in improper accounting and oversight practices, which called for the necessity of relying on the International Public Sector Accounting Standards (IPSAS), which are related to the intellectual aspect of accounting through its interest in the process of disclosure, accountability, oversight, and transparency, while developing treatments and procedures. What is required is by benefiting from the experiences of some countries that rely on these standards, with the possibility of determining methods of recognition and measurement, while gaining experience and skill in detecting and reducing corruption phenomena for the purpose of preserving public funds, including public funds and property. Therefore, to demonstrate the role of the IPSAS standards in achieving the following:

First: The relationship of (IPSAS) to accountability, preserving public money, and reducing corruption/ Cases of fraud and violations are based on misleading financial reports that do not reflect the financial reality of government units, and in order to ensure the use of state resources and achieve transparency while being subject to accountability that achieves the public interest through the preparation of financial reports Clear and transparent presentation of accurate financial information that reflects the reality of the financial situation (Salia and Atuilik, 2018: 20-22)

Second: The relationship of (IPSAS) to the principle of integrity and transparency/ In order to achieve the principle of integrity in the dealings of government employees and officials through their use of ethical principles and values in performing their work, they must be impartial in their actions, especially in the field of taking accounting procedures and treatments, and they must be impartial. It was not affected by the rule of personal diligence, and if we adhere to the International Public Sector Accounting Standards (IPSAS), we guarantee that impartiality in the actions of these employees, even though they reflect the reality of the events, transactions, and activities of the government units in which they work. (Jensen. 2018:3-4)

Therefore, adopting IPSAS and implementing it properly has a major role in reducing cases of manipulation of public financial resources and in combating corruption, which threatens the legitimacy and authority of the state and also reduces the amount of money available to finance public services. Therefore, adopting the standards is an important step in the global struggle against... Government corruption.(Jegede,at.al,2017:4)

Third: The role of (IPSAS) in developing the accounting and supervisory system/ In order to restore confidence in the financial reports issued and their accounting information, quality standards must be adopted in the financial and accounting fields through the implementation of the International Public Sector Accounting Standards (IPSAS) while relying on accounting information that meets the qualitative characteristics in Preparing financial reports to ensure the application of transparency in



how public resources are managed and the disclosure of reliable and comparable data to be a basis for the process of monitoring performance and accountability. Therefore, both the International Federation of Accountants (IFAC) and the Chartered Institute of Public Accounting and Finance (IPFA) recommended the necessity of preparing financial statements for government units. According to standards that are considered a recognized accounting reference, with the ability to compare and achieve disclosure while improving the quality and quality of financial reports in the public sector. (IFAC & CIPFA, 2014: 13-14)

The decentralized government accounting system in Iraq relies on the cash basis in recording accounting operations, which means not paying attention to accruals and advances of expenses and revenues because it relies on actual cash flows, which makes the information provided in the financial reports inaccurate and incomplete. (FEE, 2007:9)

Therefore, when applying these standards, it will contribute to strengthening the accounting and control aspect and will also help in developing internal control systems because they help fight financial and administrative corruption by preventing the occurrence of deliberate errors and deviations and reducing them as much as possible, while being impartial in following the treatments contained in the standards, without being diligent or expressing an opinion on them. (Mikhail, 2005:83)

From the researcher's point of view, integrity, transparency, accountability, and oversight of public funds are among the most important measures achieved in applying the International Public Sector Accounting Standards (IPSAS), which rely on the foundations of recognition, measurement, presentation, and disclosure, which are consistent with achieving the goals required for government units by providing guidance to governments regarding improving their levels. Finance, which called for the International Federation of Accountants to submit the required recommendations to adopt these standards to confront financial crises.

5- Statement of the role of the Federal Financial Supervision Bureau in developing the performance of government institutions that implement the government accounting system. The Federal Financial Supervision Bureau in the Republic of Iraq is considered a financial and administrative independent body and has a legal personality. It represents the highest financial oversight body linked to the Iraqi Council of Representatives, which performs the role of oversight of the legislative authority over The executive authority, as it undertakes oversight of public funds wherever they exist by monitoring the work of entities subject to its scope of control and evaluating the performance of those entities throughout Iraq in order to improve their status, in accordance with its own effective law No. (31) of 2011 (amended) and other applicable laws. With all impartiality, objectivity and high professionalism, it is considered one of the leading bodies in protecting public money from waste, loss and misuse, detecting cases of fraud and manipulation, combating financial and administrative corruption and fighting it to achieve accountability and transparency in work and oversight, applying rules and standards in the areas of oversight and actively contributing to supporting the national economy and building a new Iraq. Its administration is based on financial and economic foundations and solid and established scientific and legal rules, and its contribution also to reforming the financial, administrative and economic systems of the general administration of the state, and in accordance with paragraph four of Article (4) of its aforementioned law, which stipulates (publishing accounting and auditing systems based on local and international standards and improving the rules And the standards applicable to management and accounting on an ongoing basis) as well as according to paragraph five of the same article and law above, which stipulates (developing the professions of accounting and auditing and

accounting systems and raising the level of accounting and control performance of entities subject to supervision). (Federal Financial Supervision Office [www.d-raqaba-m.ig](http://www.d-raqaba-m.ig))

One of the objectives of the Bureau is to work to encourage the adoption and application of international accounting standards in the public sector, because they affect the presentation of the revenue and expenditure accounts in a real way and also show the assets and liabilities accounts in detail and then correctly express the result of the activity of government units and their financial position.

Therefore, from the researcher's point of view, the application of the International Public Sector Accounting Standards (IPSAS) has an impact on the performance of the government accounting system and its contribution to activating the role of the Federal Financial Supervision Bureau in the Republic of Iraq to achieve its goals, because the current financial statements of local government units do not report the reality of the activity. These units, their financial position and cash flow, make it difficult to properly evaluate the performance of government units with the aim of holding them accountable and addressing their shortcomings.

### **The third axis: Organizing and preparing a proposed model for the financial statements for the research sample in accordance with the requirements of international accounting standards in the public sector.**

Financial statements and reports are a result that reflects the image of the work and activities carried out by government units or the entire state during a certain period, as the quality of these lists and reports confirms the credibility, suitability and accuracy of the information disclosed to users, and in a way that makes it a language of communication and understanding that ensures reassurance for all relevant parties, in particular When they are prepared in accordance with international standards, this makes governments seek to make them characterized by high quality. Therefore, this axis will include a field study on the reality of the financial statements and reports and the government accounting system in Iraq, based on personal interviews with officials of the Wasit Health Department, which is considered one of the units of the Ministry of Health in the Republic of Iraq (the research sample) and some of the relevant employees. The reality of the accounting records and books was also examined by using the financial statements of that department for the two years (2008-2009) as the latest data issued and approved by the Federal Office of Financial Supervision at the time of preparing the research due to the presence of technical errors. (Financial and Accounting) turned into the Department's inability to prepare and issue them for subsequent years, as the focus was on the most important points of difference and changes between the financial statements and reports in the government accounting system for the research sample and comparing them with the required organization of those lists in the International Government Accounting Standards for the Public Sector, and accordingly it was done. Preparing a proposed model for the financial statements and reports of the Wasit Health Department in light of those standards, noting that the aforementioned department applies the decentralized government accounting system as a non-profit service unit, in accordance with the instructions of the Iraqi Ministry of Finance, which focuses on issuing financial statements such as the cash flow and financial position lists, in addition to issuing monthly statements. And financial tables, such as the bank's reconciliation statement, trial balances, and tables of revenues and expenses, and the importance of the final financial statements and reports, which are considered a basic means of disclosure and reporting for government units, and the final statements and accounts of the Wasit Health Department

do not differ from the rest of the non-profit government units in terms of their components and the quality of information and data they contain, which It includes the following:

- 1 -Statement of financial position
- 2 - The final account for implementing the budget
- 3 - Cash flow statement
- 4 - Disclosure of the balances of investment budget projects
- 5- Analytical statements include a statement of advances accounts/a statement of debit personal accounts, and also include a statement of trust accounts/a statement of creditable personal accounts.

On this basis, the financial statements for the two years of the research sample (2008-2009) will be presented and dealt with as on December 31 of both years, and through organizing and preparing a proposed model for the financial statements of the Wasit Health Department in light of international accounting standards in the public sector, for the sake of comparison and noting the differences. And changes between accounting treatments in the government sector and treatments in accordance with international accounting standards in the public sector through a presentation of accounting policies and through the submission of proposed analytical financial statement models for that department.

Below are the differences and changes between the two accounting treatments, as follows:

First: Accounting policies/International accounting standards in the public sector dealt with financial statements on the basis of the accounting system according to the accrual basis, in contrast to the government financial accounting system, which applies the system according to the cash basis. Therefore, the impact of the changes on the financial statements: The financial statement information is in accordance with international standards. It is greater when presented under the items (assets and liabilities) than the information provided in the current lists according to the government accounting system.

Second: Changes in treatments / There are changes in accounting treatments regarding the preparation of a statement of financial position in accordance with international accounting standards in the public sector. We note the current lists (used in the current government system). Fixed assets are recorded and classified as expenses, with the full amount charged when purchasing the asset. As for the lists according to... In international standards, purchase costs are distributed over the life of the purchased asset, with work to capitalize the costs of fixed assets and include them in the statement of financial position. Therefore, the impact of the changes will be on the financial statements. In the event of relying on international financial standards, expenses will be reduced and the value of assets will increase.

While in for-profit institutions, the presentation is based on liquidity and providing reliable and more appropriate information for those institutions, and also in accordance with international standards, the inventory is evaluated and proven and recorded in the records as costs and what is used from it during the year and what remains at the end of the year is recorded as inventory within the current assets, and as for the impact of this on the lists Financial position, in the event of relying on international financial standards, expenses will be reduced by the value of the stock of unused materials, with a note in the statement of financial position that an increase in current assets appears, and the change also appears on the basis of displaying the items of the statement of financial position, the current statements, as the items of the statement of financial position are shown. On the basis of the priority of cash liquidity, while the lists are in accordance with international standards, where the statement of financial position is presented on the basis of current and non-current, from which we notice the impact of the changes

on the financial statements. In the event of relying on international financial standards, the items of assets and liabilities will be classified into current and non-current.

Changes also appear in accounting treatments regarding recording capital assets and their disappearance. We notice the buildings of the Wasit Health Department and other buildings affiliated with it, cars, equipment, etc., as these assets are recorded under the expenditures item in the year of purchase, in addition to there is a difference in evaluating and proving the stock of commodity supplies that are installed. In the accounting system.

First: Prepare a statement of financial position in accordance with (IPSAS ):-

According to international accounting standards in the public sector, assets and liabilities must be classified on a current and non-current basis and separately in the statement of financial position in non-profit units, as a separation is made between current and non-current assets, and it is considered current if the asset is expected to be consumed or sold during the financial year. Likewise, when it is cash that has not been used or exchanged to settle a specific obligation for a period of twelve months from the date of the report, and other assets less than that are considered non-current.

While current and non-current liabilities are separated when the liability is classified as current if it is expected to be settled in the operational cycle within a period of (12) months after the report date, other liabilities are classified as non-current liabilities.

Below is a proposed model for preparing a statement of the financial position of the Wasit Health Department according to (IPSAS)

Assets			
current assets			
Account name	current year (2009)	previous year (2008)	The impact on financial statements
Cash and cash equivalents	10965092424	4784557411	They are considered current assets and there is nothing classified as non-current assets because the economic unit does not have the freedom to dispose of them within a period of twelve months from preparing the financial statements, noting that cash in banks was added to the investment budget for the same year.
accounts receivable	17459836853	17289582403	It represents the merger of the advances and debtors accounts, except that the two-year debtors account, amounting to (59,513,400) was excluded, because it represents the revenues generated by the hospitals during the year 2004, which were deposited in the current account of the Wasit Governorate treasury and recorded in this account on its date, and which had not been settled during the previous years, so it will be returned. Classifying them as non-current receivables, and the permanent advances that appeared repeatedly during the two years in the financial statements, amounting to (432268), were excluded, as there is no advances account for the investment budget for the two years in question in order to add them to the receivables account.
Inventory	596109867	984942431	The inventory account balance did not appear in the financial position, but was extracted through the inventory lists attached to the financial statements and subtracted from the

			commodity supplies account for each year of the research sample.
Non-current assets			
accounts receivable	59945668	59945668	The amount represents the amount of the receivables account that has not been settled in previous years, as well as the permanent advances that appear repeatedly in the financial statements.
Other financial assets	-	-	There is no frozen cash in banks that has appeared repeatedly during previous years
The value of assets subject to extinction	9796025984	7738376424	The amount was recorded through the fixed assets register
liabilities			
Current liabilities			
Payables	2201841180	1166052059	<input type="checkbox"/> It represents the merging of the trusts and creditors accounts, as there are no recurring amounts from previous years that were excluded, and classified as payables within non-current liabilities, with a note that the returned employee salary accounts were excluded and classified within employee benefits for the two years) and were classified as non-current liabilities in addition to Adding trusts and creditors to the investment budget account.
Employee benefits	327942900	294696984	Separating the amount from the creditors account and representing the returned salaries of employees
Lands	1500000000	1500000000	The amount is default
Non-Current liabilities			
Payables	-	-	The amounts excluded from the trusts and creditors accounts are classified as recurrent for several years and are considered long-term obligations
Capital contributed by the government unit on 12/31/	37843015736	16145149605	The amount results from collecting the balance at the beginning of the period of the current account of the Accounting Department, adding the amounts added during the year as an enhancement to the balance, while subtracting the balance at the end of the period from the account of the Accounting Department.
Reserves (accumulated consumption)	2358136733	1078399228	Extracted from consumption table
Surplus/deficit	( 57683671575)	(78014001561 )	They are extracted from the statement of financial position table

Prepared by the researcher

Second: Preparing a statement of financial position:

The statement includes the total items of expenses and the total items of revenues, which are recognized and disclosed, as well as their nature, amount, and all details during the financial period that includes the surplus or deficit, as expenses are classified according to what expenses are classified.



Below is a table showing the preparation of a model to state the financial performance of the Wasit Health Department in accordance with international accounting standards in the public sector:

-Revenues:-

Account name	current year (2009)	previous year (2008)	The impact on financial statements
Taxes	87043155	885785178	We did not affect the financial statements
Fees and fines	1838300	2353500	We did not affect the financial statements
Other income	1496345351	1965391804	Investment budget revenues have been integrated

- Expenses:-

Account name	current year (2009)	previous year (2008)	The impact on financial statements
Employee salaries, wages and benefits amount	72248334219	49251570939	We did not affect the financial statements
Depreciation expense relates to consumption for the year	1279737505	1078399228	Extracted from asset depreciation tables
Low consumption	-	798450300	Extracted from asset depreciation tables
Other expenses	9408781590	6071156643	The consumption of commodity supplies was combined with service supplies, with the maintenance of books and records, with other expenses, with what was spent in the investment budget, with amounts transferred from the current accounting department.

Prepared by the researcher

The researcher believes that, through what was previously discussed in terms of the presentation of the list and statement of the financial position for the two years (2009-2008) of the department (the research sample), we conclude from the financial statements prepared in accordance with (IPSAS) standards, while confirming what was stated in the research hypotheses (which were dealt with in the axis of statistical analysis). , about affecting the presentation of financial statements in a clear and accurate manner, which will be reflected in the contents and details and improve the quality of the financial lists and statements issued by government units, in addition to its impact on the financial reports that show a fair and honest picture of both the financial position and the results of the activity, as well as the lack of conformity with the requirements of international standards. With the reality of the government accounting system, since the approved accounting basis is the cash basis, while international standards

are the accrual basis, and it affects the process of evaluating the performance of government units, in a correct manner, with the aim of holding them accountable and addressing their deficiencies, ensuring transparency and accountability, and preventing Iraq's integration with the international community, especially with international organizations.

#### **Fourth axis: descriptive analysis, statistical analysis of results, and hypothesis testing.**

This axis deals with a detailed presentation of the procedures of the field study carried out by the student researcher to implement the study and achieve its objectives. A questionnaire form was prepared and distributed to the sample population represented by all employees of departments, divisions and accounting and auditing units affiliated with all health institutions belonging to the Wasit Health Department (the research sample). The questionnaire consists of three main sections. The first section consists of an introductory introduction to the study, its tool, its content, ensuring the confidentiality, protection and storage of data, and instructions for using the questionnaire. While the second section (personal data) expresses the demographic variables of the study sample members, which are (gender, age, educational qualification, scientific specialization, job position, and number of years of service).

The third section expresses the variables of the study through the axes and paragraphs that measure them. This section consists of (30) paragraphs distributed over five main axes with the aim of studying the impact of the future application of international accounting standards in the public sector in developing the performance of government institutions implementing the government accounting system and their contribution to activating The role of the supreme regulatory bodies in the Republic of Iraq, in addition to clarifying how to design the study tool, verify its validity and stability, and conclude results that achieve the goal of the study, by answering the study questions, testing its hypotheses according to appropriate statistical treatment, and then interpreting and discussing these results according to what is reached. By presenting and analyzing the study data through studying frequencies, the relative importance index, arithmetic means, standard deviations, and testing the correlation and influence coefficient for the main research hypotheses, as shown below:

First - The first main hypothesis: "There is a correlation and impact of the variable of applying the requirements of public sector accounting standards (IPSAS) in government units with the variable of changing the basis of accounting measurement according to international accounting standards for the public sector in government units".

Secondly - The second main hypothesis: "There was a correlation and effect of the variable of applying the requirements of public sector accounting standards (IPSAS) in government units with the variable of applying international accounting standards for the public sector in government units to achieve transparency and accountability".

Third - The third main hypothesis: "There is a correlation and impact of the variable of applying the requirements of public sector accounting standards (IPSAS) in government units with the variable of applying international public sector accounting standards in government units on the development and improvement of government performance evaluation".

Fourth - The fourth main hypothesis: "There is a correlation and impact of the variable of applying the requirements of public sector accounting standards (IPSAS) in government units with the variable of applying international accounting standards for the public sector in government units that leads to the integration of the Iraqi government with international organizations".

**The fifth axis: conclusions and recommendations**

First: Conclusions:

1 - The government accounting system relies on the cash basis in recognizing financial transactions and events, which are represented by the elements of the financial statements consisting of payments, receipts, and cash balances, while the IPSAS standards rely on the accrual basis of accounting, which provides useful actual information that helps in strengthening the oversight of government financial performance while ensuring Obtaining accountability and transparency for the allocations contained in the general budget while strengthening the planning process for the years subsequent to that budget, and this is what was proven through the statistical results that the study reached to prove the hypotheses of the existence of a direct positive significant correlation and influence relationship through simple regression analysis of the variables of implementing those requirements, which It has a relationship with the variable of changing the basis of accounting measurement, and thus we accept the main (first) hypothesis.

2 - The International Public Sector Accounting Standards (IPSAS) are considered and adopting them leads to the preparation of high-quality financial statements and reports and has the ability to compare those lists while ensuring credibility and influencing users' decisions. This is what was proven through the statistical results that the study reached to prove the hypotheses. There is a positive positive correlation and influence relationship through simple regression analysis of the variables of implementing these requirements, which achieves transparency, accountability, and improves the performance evaluation process. Thus, we accept the main hypotheses (second and third).

3 - The IPSAS standards adopted on the basis of entitlement support good planning for budget allocations, so it will put the government in front of the responsibility of preserving public funds and working to adapt the IPSAS standards to the Iraqi environment and benefit from the experiences of countries whose environment is close to the Iraqi environment and the integration of the Iraqi government with International organizations, and this is what was proven through the statistical results that the study reached to prove the hypotheses of the existence of a significant, positive, positive correlation and influence relationship through simple regression analysis of the variables of implementing those requirements, which are related to the variable of the integration of the Iraqi government with international organizations. Thus, we accept the main hypothesis (fourth).

4- The financial information provided by the current accounting system and the method of disclosing it shows that this information, the progress of affairs and the facts of the operations carried out by the state, is only accessed by a specific number of users and is not easily accessible to the public, and it is also unable to reconcile The objectives of accounting information and the requirements of the IPSAS standards, in contrast to the interest of government accounting in its general form, which aims to provide financial data and information to the government while evaluating the performance of government units, determining the degree of economic growth, setting performance indicators while determining the validity of those units in achieving their established goals and imposing oversight and rulings on public money.

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