# Enhancing Governance through IPSAS: Impacts on Transparency and Accountability in Public Sector Financial Reporting

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**Abstract**

This study addresses the empirical gap in understanding the practical challenges and long-term impacts of implementing International Public Sector Accounting Standards (IPSAS) on public trust and policymaking efficiency in the public sector. It explores the impact of IPSAS on transparency and accountability in financial reporting, assessing how adoption influences the comparability and reliability of financial statements, public trust, and governance quality. Using a qualitative approach, the research reviews literature and case studies across various jurisdictions to evaluate the transition to standardized accounting practices. Findings indicate that IPSAS significantly enhances transparency and accountability, reduces information asymmetry, and improves oversight and decision-making in budget management. However, challenges such as the need for extensive training, system upgrades, and local context adaptation persist. The study emphasizes the importance of capacity building and technological investment to maximize IPSAS benefits, providing insights for policymakers and public sector managers on improving governance and financial reporting. Despite focusing on conceptual analysis and lacking longitudinal data, this research paves the way for future studies on the enduring effects of IPSAS and best practices in public sector accounting.

**Keywords**: IPSAS implementation; public sector financial reporting; transparency and accountability; standardized accounting practices; public trust and governance

## INTRODUCTION

In the realm of public sector financial management, transparency and accountability are not just concepts, but critical pillars that underpin the trust between the public and governmental institutions. Transparency involves the open dissemination of financial information to the public, while accountability encompasses the responsibility of public entities to explain and justify their financial actions to stakeholders (Rosidah et al., 2023). These two concepts are not just fundamental, but they are the bedrock of fostering public trust in governmental institutions. Financial reporting standards play a vital role in ensuring that the information presented by public entities is not just accurate, relevant, and reliable but also trustworthy (Pratama, 2017). These standards provide a consistent and reliable framework for preparing financial reports, enabling stakeholders—including citizens, policymakers, and investors—to make well-informed decisions. Without clear standards, there is a significant risk and a looming threat of misusing public funds and corruption, ultimately eroding public trust (Zhang et al., 2018). The public sector has been plagued with inconsistencies and limitations in financial reporting, often lacking stringent guidelines. However, as societal demand for transparent and responsible public fund management grew, significant changes in financial reporting approaches emerged. Regulatory changes have been a primary driver of this evolution, with governments worldwide beginning to adopt international standards such as the International Public Sector Accounting Standards (IPSAS) to enhance the alignment and comparability of financial reports (Christiaens et al., 2015). The adoption of these standards helps establish a common language in public financial reporting, facilitating easier analysis and comparison on a global scale (Cohen & Karatzimas, 2017).

International Public Sector Accounting Standards (IPSAS) aim to improve transparency and accountability in global public sector financial management. The structured presentation of findings in IPSAS provides several benefits, such as: increased transparency so that financial reports are easier to understand by the public and supervisory institutions, increased accountability in budget use, and easier comparison of financial performance between institutions (Biondi & Bracci, 2018). In addition, structured presentation increases public trust in financial management and facilitates decision-making with more accurate information. Overall, structured presentation in IPSAS is important for more efficient and beneficial public sector financial governance (Lacalle & Torres, 2020).

Recent public sector financial reporting studies have highlighted the benefits of adopting international standards like the International Public Sector Accounting Standards (IPSAS). The adoption of IPSAS aims to harmonize public sector accounting globally, thereby enhancing comparability and transparency (Schmidthuber et al., 2022). Research has shown that IPSAS implementation positively influences governance quality, particularly accountability, government effectiveness, and corruption control (Cuadrado-Ballesteros & Bisogno, 2021). For instance, in Nigeria, adopting IPSAS has significantly improved the quality of financial reporting through enhanced accountability (Muraina & Dandago, 2020). Despite these benefits, challenges persist, particularly in reconciling budgeting and accounting practices, with inconsistencies and inadequate explanations of differences between budget execution and accrual accounting noted in IPSAS-compliant financial statements (van Schaik, 2023).

Nevertheless, IPSAS adoption is a crucial step toward improving public sector financial management and governance. However, despite these advancements, several limitations persist in the existing literature. Much of the research focuses on standard implementation's theoretical and conceptual aspects, often overlooking practical challenges such as resistance to change and resource constraints. More comprehensive studies must also explore these standards' long-term impacts on public trust and policy-making efficiency. While the role of technology has been acknowledged, empirical evidence on how different technological solutions affect various dimensions of financial reporting quality remains limited (Schmidthuber et al., 2022).

While adopting IPSAS shows numerous benefits, significant gaps between theory and practice must be addressed. One significant gap is the need for more attention to public entities' practical challenges, such as resistance to change and resource constraints (Martínez-Peláez et al., 2023). Many studies emphasize the theoretical benefits of IPSAS without adequately addressing the real-world obstacles that may hinder its application (Schmidthuber et al., 2022). Moreover, despite IPSAS's aim to enhance accountability and transparency, there is evidence that the standards still need to be fully adopted or consistently applied across different jurisdictions, leading to inconsistencies in budgeting and accounting practices (van Schaik, 2023). The current literature needs long-term empirical studies exploring the impact of IPSAS adoption on public trust and policy-making efficiency. While some research indicates improvements in financial reporting quality and governance Cuadrado-Ballesteros & Bisogno (2021), the absence of longitudinal data makes it challenging to assess the enduring effects of these standards. Additionally, the role of technology in supporting IPSAS implementation and enhancing the quality of financial reporting has yet to be thoroughly investigated despite its recognized importance (Muraina & Dandago, 2020). Further research is needed to address these gaps, focusing on implementation challenges and the long-term impacts of public sector financial reporting standards.

This study aims to explore and analyze the impact of the implementation of International Public Sector Accounting Standards (IPSAS) on two main aspects of the public sector: public trust and efficiency in policy-making. The main objective of this study is to identify whether the adoption of IPSAS can improve the transparency of public sector financial reports, which in turn has the potential to strengthen public trust in the government. In addition, this study also aims to assess whether the implementation of IPSAS can improve efficiency in the policy-making process by providing more accurate, relevant, and accountable data.

Based on the identified gaps, this study aims to address the following research questions: How do public sector financial reporting standards, particularly IPSAS, impact public trust and policy-making efficiency? What practical challenges are faced when implementing these standards, and how can they be overcome? The objectives of this qualitative study, using a systematic review approach, are to provide a comprehensive analysis of the effectiveness of IPSAS in enhancing transparency and accountability and to identify strategies for overcoming implementation challenges. This study's novelty lies in its detailed examination of the theoretical and practical dimensions of IPSAS adoption, focusing on long-term impacts and the role of technology. Unlike previous studies, which mainly concentrate on theoretical benefits, this research will provide empirical insights into real-world challenges and propose actionable solutions. The findings are expected to contribute significantly to the public sector financial management literature and offer practical guidance for policymakers and public managers in improving governance and financial reporting standards.

## LITERATURE REVIEW

### The Need for Standardized Accounting Practices

Standardized accounting practices ensure consistency, transparency, and comparability in financial reporting across public sector entities (Tsianaka & Stavropoulos, 2023). These practices involve implementing uniform standards that govern financial information recording, reporting, and analysis. Such standardization is crucial for enhancing the reliability and clarity of financial statements, which in turn fosters trust among stakeholders, including citizens, policymakers, and investors (Permata, 2023). Standardized accounting practices hinge on using common principles and procedures that ensure all entities report their financial data consistently, enabling more accurate assessments and comparisons (Lawalata et al., 2024). The public sector's financial reporting landscape needed to be more cohesive, characterized by diverse accounting methodologies that often led to inconsistencies and a lack of transparency. This diversity in practices made it challenging for stakeholders to make informed decisions based on financial data, as the absence of a standardized framework resulted in varied interpretations and representations of financial health (Christiaens et al., 2015). Over the years, the need for harmonized accounting standards became increasingly apparent, driven by the global trend towards greater transparency and accountability in public financial management. The evolution of standardized accounting practices in the public sector has been significantly marked by the adoption of international frameworks such as the International Public Sector Accounting Standards (IPSAS). IPSAS provides a comprehensive set of guidelines that address various aspects of financial reporting, including the recognition, measurement, presentation, and disclosure of financial information (Cuadrado-Ballesteros & Bisogno, 2021). Adopting IPSAS is seen as a critical step in achieving financial transparency and accountability.

The benefits of adopting standardized accounting practices, such as those prescribed by IPSAS, are manifold. Firstly, they enhance the comparability of financial statements across different jurisdictions, allowing for better analysis and benchmarking of public sector performance (Muraina & Dandago, 2020). This comparability is crucial for international organizations, investors, and aid agencies, as it provides a clear and consistent basis for evaluating various entities' financial health and governance. Secondly, standardized practices improve the quality of financial information, which is vital for effective decision-making and policy formulation (Cohen & Karatzimas, 2017). Enhanced financial reporting quality leads to greater accountability, enabling more precise tracking of public funds and ensuring that resources are used efficiently and effectively. The implementation of standardized accounting practices can mitigate the risks of financial mismanagement and corruption. By establishing clear guidelines for financial reporting, these standards reduce the opportunities for manipulation and enhance the overall integrity of financial data (Cohen et al., 2021). This, in turn, contributes to building public trust in government institutions, as stakeholders can be more confident in the accuracy and reliability of the information provided.

**The Role of International Standards in Enhancing Comparability**

The concept of comparability in financial reporting is fundamental to ensuring that financial statements are consistent and comparable across different entities and jurisdictions (Mattei et al., 2020). Comparability allows stakeholders, including investors, policymakers, and international organizations, to assess and compare financial information, facilitating informed decision-making accurately (Oktaviani et al., 2024). It involves using standardized accounting principles and practices that enable the alignment of financial reporting formats and methodologies (Cohen & Karatzimas, 2017). This alignment is crucial in a globalized economy where cross-border investments and financial collaborations are commonplace. The evolution of international accounting standards has been a key driver in enhancing comparability. Historically, variations in national accounting practices posed significant challenges to achieving a uniform understanding of financial statements. However, the adoption of International Financial Reporting Standards (IFRS) and International Public Sector Accounting Standards (IPSAS) has been instrumental in mitigating these differences. These standards provide a comprehensive framework that standardizes financial information recognition, measurement, and disclosure (Fiandrino et al., 2022). Harmonizing accounting standards through IPSAS is pivotal in promoting consistency and reliability in public sector financial reporting.

The benefits of enhanced comparability in financial reporting are extensive. Firstly, it allows for a more accurate financial performance analysis and position across various jurisdictions, improving the quality of data available to stakeholders (Oktaviani et al., 2024). This is particularly vital for international investors and aid agencies that rely on comparable data to allocate resources efficiently and assess the financial health of entities. Adopting standardized accounting standards like IPSAS reduces information asymmetry, enhancing transparency and accountability in public fund management (Baskerville & Grossi, 2019). Enhanced comparability also supports global initiatives to promote good governance and combat corruption by providing a more precise and consistent view of public fund management, enabling better oversight by domestic and international stakeholders (Vian, 2020). This transparency is crucial for building trust in public institutions and improving the integrity of financial reporting processes. Standardized reporting facilitates the benchmarking of financial performance, allowing governments and organizations to identify best practices and areas for improvement (Cordery & Hay, 2019). Economically, increased comparability can lower capital costs as investors perceive less risk in more transparent environments (Leuz & Wysocki, 2016). Socially, greater transparency and accountability in public financial management can enhance public trust and support for government policies, fostering social cohesion and stability. Additionally, improved comparability aids in efficiently allocating international aid and investments, promoting economic development and poverty reduction in recipient countries (Sutisman et al., 2024)

**Impact on Governance and Accountability**

Governance and accountability are critical concepts in public administration, reflecting the systems and processes through which public institutions are directed, controlled, and held responsible. Governance encompasses the structures and rules defining the distribution of power and resources, while accountability refers to the mechanisms ensuring entities are answerable for their actions (Raba, 2006). Effective governance and accountability are essential for the legitimacy of public institutions and for fostering trust among citizens (Hood & Heald, 2006). Standardized financial reporting standards, such as the International Public Sector Accounting Standards (IPSAS), are pivotal in enhancing governance. These standards provide a consistent framework for financial reporting, ensuring that financial statements are accurate, reliable, and comparable across different public sector entities. This uniformity helps eliminate ambiguity in financial reporting, making it easier for oversight bodies and the public to understand and assess government activities (Sonjaya, 2023). By offering clear guidelines on how financial information should be reported, IPSAS aids in improving the overall transparency of government financial practices. Accountability in the public sector is significantly bolstered by transparency. When governments adopt rigorous financial reporting standards, they provide citizens and oversight bodies with the tools needed to scrutinize the allocation and utilization of public resources (Gurendrawati et al., 2024). This scrutiny is crucial for preventing mismanagement and corruption, as it exposes financial discrepancies and ensures that public officials are answerable for their fiscal decisions (Roberts, 2018). The correlation between adopting IPSAS and enhanced governance outcomes, such as improved corruption control and government effectiveness, underscores the importance of transparency in maintaining public trust (Cuadrado-Ballesteros & Bisogno, 2021).

The relationship between transparency and accountability is synergistic. Transparency in financial reporting fosters accountability by providing the necessary information for oversight and empowers citizens to participate more actively in governance processes (Manginte, 2024). When the public can access clear and comprehensive financial data, they can better hold their leaders accountable, leading to more responsive and responsible governance. The social and economic impacts of enhanced governance and accountability are profound. Economically, transparent and accountable governance attracts foreign investment by reducing the perceived risk of corruption and fiscal mismanagement (North et al., 2009). Socially, these practices enhance public trust and cohesion by demonstrating that public resources are managed responsibly and for the common good. This increased trust can lead to greater civic engagement and cooperation between citizens and the state, fostering a more stable and cohesive society (Rose-Ackerman & Palifka, 2018). Improved governance and accountability contribute to more effective policy-making. Standardized reporting frameworks like IPSAS provide reliable financial data, allowing policymakers to make better-informed decisions, allocate resources more efficiently, and prioritize policies that meet the public's needs (Sonjaya, 2024). This leads to better outcomes in public service delivery and enhances the overall quality of governance.

**Challenges in Implementation**

The unique context and complexity of the public sector present significant challenges in implementing standardized accounting practices, such as the International Public Sector Accounting Standards (IPSAS). Unlike the private sector, public entities often operate under different mandates, regulatory frameworks, and accountability structures. These differences can complicate the adoption of uniform accounting standards designed to enhance transparency and comparability (Oktaviani et al., 2024). Additionally, the public sector's diverse objectives, including social and economic goals, can create conflicting priorities that complicate the implementation of new accounting practices. One primary challenge in implementing IPSAS is resistance to change, particularly among public sector employees accustomed to traditional accounting methods. This resistance can arise from a need for more understanding of the new standards or concerns about increased scrutiny and accountability (van Schaik, 2023). Effective change management strategies, including comprehensive training programs and communication campaigns, are crucial to educating stakeholders about the benefits and requirements of the new standards. Resource constraints also pose a significant hurdle. Many public sector entities, especially in developing countries, need more financial and technical resources to fully adopt and comply with IPSAS (Muraina & Dandago, 2020). This includes costs associated with training personnel, upgrading accounting systems, and ensuring ongoing monitoring and evaluation of compliance. More resources can be needed to ensure the implementation process and complete adoption, undermining the potential benefits of standardized accounting practices.

Aligning existing budgeting and accounting systems with IPSAS principles poses significant challenges. Traditional cash-based budgeting systems in the public sector often need to align with the accrual accounting principles IPSAS advocates, leading to discrepancies in financial reporting and complicating the transition to standardized practices (Sonjaya, 2024). This misalignment requires careful planning and reconfiguration of financial systems to accommodate the accrual basis of accounting. Additionally, regulatory and policy inconsistencies across different jurisdictions further complicate the implementation of standardized accounting practices, necessitating adaptation to local contexts (Botzem, 2012). Technological and infrastructural challenges also play a critical role, as integrating new accounting standards often requires upgrades to information technology systems and new software adoption. Many public sector entities may need more infrastructure, requiring significant investment in technology and training.

Implementing IPSAS can also have social and political impacts, affecting power dynamics within organizations and between government levels, potentially leading to resistance from those perceiving these changes as threats to their authority or influence (Abdulkarim et al., 2023). Greater transparency and accountability in financial reporting can expose mismanagement or corruption, leading to political repercussions. To overcome these challenges, strategies include investing in capacity building and training, providing technical assistance and funding from governments and international organizations, and using phased implementation approaches. Fostering a culture of transparency and accountability can mitigate resistance and encourage the adoption of standardized accounting practices.

**The Potential of Technology in Improving Reporting Practices**

Integrating technology into financial reporting practices, especially in the public sector, significantly enhances transparency, accuracy, and efficiency. Technology in this context includes various tools and systems that streamline financial data collection, processing, and dissemination, ensuring the information is reliable, timely, and accessible to all stakeholders (Budiman et al., 2024). Financial reporting has evolved from manual, paper-based processes to advanced digital systems. Manual data entry and physical record-keeping were standard, leading to errors and inefficiencies. In the late 20th century, it shifted towards electronic data processing and storage, significantly improving data management and retrieval. The introduction of enterprise resource planning (ERP) systems further advanced the field by integrating financial and operational data management across organizations. Incorporating technology into financial reporting offers numerous benefits. Automation reduces human error, improving data accuracy and consistency (T. et al., 2015). It also streamlines routine reporting processes, freeing resources for more strategic activities like data analysis and decision support. Furthermore, technology enhances compliance with financial reporting standards, such as the International Public Sector Accounting Standards (IPSAS), by providing tools that ensure adherence to prescribed accounting procedures (Schmidthuber et al., 2022).

ERP systems are particularly crucial, integrating financial data with other business functions to enable comprehensive and real-time reporting (Scapens & Jazayeri, 2003). These systems facilitate the seamless flow of financial information, supporting both internal management and external reporting needs. They also enhance detailed financial analysis capabilities, improving operational efficiency and strategic planning. Data analytics and big data technologies have further transformed financial reporting practices by enabling organizations to process and analyze large volumes of data, revealing patterns and insights that are difficult to detect manually (Warren Jr et al., 2015). These tools can identify anomalies and trends in financial data, essential for detecting potential issues such as fraud or inefficiencies (Chen et al., 2012). Analyzing data at such a granular level provides valuable insights for enhancing financial oversight and accountability. Digital platforms have revolutionized the communication and dissemination of financial information. These platforms enable broader and more efficient distribution of financial reports, making them accessible to a wider audience, including stakeholders who may not have technical expertise in understanding traditional financial statements. This increased accessibility fosters transparency and allows for greater public scrutiny and participation in financial governance.

## METHOD

The study utilized a qualitative research design with a systematic review approach to synthesize literature on implementing the public sector's standardized accounting practices, particularly IPSAS. This approach enabled a comprehensive analysis of existing studies, identifying key themes and gaps in the research. The systematic review focused on scholarly articles, government reports, and publications from international organizations published after 2018 to include the most current findings. Data collection involved a structured search of academic databases like JSTOR, Google Scholar, and Scopus, using keywords such as "IPSAS implementation," "public sector accounting," and "financial reporting challenges." A coding framework was developed to categorize data into themes, including technological challenges, regulatory inconsistencies, and socio-political impacts. Thematic analysis was employed to identify recurring themes and patterns across the selected studies. This method allowed for a detailed understanding of the complexities of adopting IPSAS, providing insights into best practices and offering recommendations for future research and policy development. The findings highlight the critical factors influencing the implementation process, such as resource constraints, resistance to change, and the need for capacity building and technological investments. The collected data were then categorized using a coding framework covering technological challenges, regulatory inconsistencies, socio-political impacts, resource constraints, and the need for capacity building and technology investment. Thematic analysis was conducted to identify patterns and themes in the study, as well as contextual factors that influence the success of IPSAS implementation. Recommendations for research and policy are proposed for countries in the process of adopting IPSAS.

This transparent, criteria-based case study selection process ensures that the research findings reflect the diversity of contexts and challenges faced in implementing IPSAS in the public sector. By selecting representative and diverse case studies, the research provides a more complete picture of the factors that influence the success and barriers to IPSAS implementation across countries. The process also ensures that the selected studies capture long-term impacts, providing a deeper understanding of how IPSAS adoption can contribute to transparency, accountability, and efficiency of public sector policies around the world.

## RESULTS AND DISCUSSION

One of the primary findings of this study is that the International Public Sector Accounting Standards (IPSAS) significantly enhance transparency and accountability in public sector financial reporting. Adopting these standards creates a uniform framework for reporting financial data, making it easier for stakeholders to understand and compare financial statements across different jurisdictions. This uniformity is crucial in reducing information asymmetry and fostering greater public trust in government institutions (Flugum et al., 2021). The consistent application of IPSAS ensures that financial statements are prepared on a comparable basis, which is essential for benchmarking performance and conducting meaningful analyses (Androniceanu, 2021). The study finds that the increased transparency resulting from IPSAS adoption facilitates more effective oversight by enabling auditors and regulatory bodies to quickly identify discrepancies and potential mismanagement. This oversight is vital in enhancing accountability, as it holds public officials and entities accountable for their financial decisions and management practices. The standardization provided by IPSAS reduces opportunities for financial manipulation and enhances the credibility of public financial reports.

The study also explores the impact of IPSAS on public trust and policy-making efficiency. Enhanced transparency and accountability are closely linked to increased public trust as citizens and stakeholders gain confidence in the reliability of financial information provided by public institutions (Androniceanu, 2021). This trust is crucial for public administrations' legitimacy and ability to govern and implement policies effectively. The standardized reporting facilitated by IPSAS also supports better decision-making processes by providing policymakers with accurate and comprehensive financial data. This data-driven approach enables more informed policy decisions, particularly in budget allocation and resource management, which are critical for achieving strategic public sector objectives.

Implementing IPSAS addresses a significant gap in public sector financial reporting, where varying standards and practices have historically led to inconsistencies and a need for more clarity. By providing a common language and set of guidelines, IPSAS helps harmonize reporting practices, which is especially important in a globalized world where public sector activities often have cross-border implications. This harmonization not only aids in local governance but also aligns national reporting with international best practices, enhancing global financial stability and transparency. The study highlights that adopting IPSAS can lead to improved public sector performance. With standardized financial reporting, public entities can more accurately track their financial status, identify areas for improvement, and allocate resources more efficiently. This level of transparency and detailed financial reporting can lead to better resource management, reducing waste and improving the effectiveness of public spending. By fostering a culture of accountability, IPSAS encourages public officials to adhere to ethical standards and make decisions that are in the public's best interest. The research also notes the challenges associated with implementing IPSAS, such as the need for substantial training and changes in existing financial management systems. Public sector entities may require significant investments in training personnel and upgrading their financial systems to align with IPSAS requirements. This process can be resource-intensive and time-consuming, particularly in developing countries with limited infrastructure and financial resources. However, the long-term benefits of adopting IPSAS, such as improved transparency, better decision-making, and increased public trust, outweigh these initial challenges.

Despite these benefits, the study identifies several challenges in implementing IPSAS, particularly related to the transition from cash-based to accrual-based accounting systems. Many public sector entities, especially in developing countries, need help aligning existing budgeting and accounting systems with IPSAS principles (Wang & Miraj, 2018). This misalignment often results in discrepancies in financial reporting and complicates the transition to standardized practices. Furthermore, the study highlights regulatory and policy inconsistencies across different jurisdictions as a significant barrier to IPSAS adoption. These inconsistencies necessitate significant adaptation to local contexts, which can be resource-intensive and time-consuming. Another challenge is the technological and infrastructural limitations many public sector organizations face. Integrating new accounting standards often requires upgrading information technology systems and adopting new software to support financial reporting (Nguyen et al., 2021). However, many public sector entities need more infrastructure and technical expertise to implement these changes effectively, which can delay the adoption process and reduce the effectiveness of IPSAS (Aggestam-Pontoppidan & Andernack, 2015). Additionally, the study finds that the increased transparency and accountability resulting from IPSAS implementation can have significant social and political impacts. Changes in accounting practices can shift power dynamics within organizations and between different levels of government, potentially leading to resistance from those who perceive these changes as threatening their authority or influence.

The study suggests several strategies to address these challenges. Investing in capacity building and training ensures that public sector employees understand and can effectively implement new standards. This investment should focus on developing technical skills related to new accounting systems and a broader understanding of the principles and benefits of IPSAS (Rompotis & Balios, 2023). Governments and international organizations can also play a significant role by providing technical assistance and funding, particularly in resource-constrained environments. This support can help bridge the gap between current practices and the requirements of standardized accounting systems. The study also recommends a phased implementation approach to manage the transition to IPSAS. Such an approach allows entities to gradually adapt to new practices, minimizing disruption and providing time to resolve any issues during the transition. This incremental implementation can be particularly beneficial in addressing technological and infrastructural challenges, as it allows for a more manageable allocation of resources and more thorough testing of new systems and processes (Nguyen et al., 2021). Furthermore, fostering a culture of transparency and accountability within the public sector is essential for mitigating resistance to change and encouraging the adoption of standardized accounting practices. This cultural shift can be achieved through leadership commitment, clear communication of the benefits of IPSAS, and the involvement of all stakeholders in the implementation process.

**Discussion**

The findings of this study demonstrate that implementing the International Public Sector Accounting Standards (IPSAS) has significantly enhanced transparency and accountability in public sector financial reporting. By adopting these standards, public institutions can reduce information asymmetry, which often serves as a barrier in financial reporting, making it easier for stakeholders to understand and compare financial statements across jurisdictions. The transparency resulting from the implementation of IPSAS not only improves the accessibility of information to the public but also strengthens trust in the integrity and competence of public administration. This is consistent with the theories of transparency and accountability in public governance, asserting that information openness is crucial in building public trust. Implementing IPSAS provides a uniform financial reporting framework, ensuring financial data is presented consistently and comparably across different entities. This uniformity enables stakeholders, including citizens, policymakers, and international bodies, to make well-informed decisions based on reliable and comparable financial information. As a result, public institutions can foster greater public confidence by demonstrating their commitment to transparent and accountable financial practices.

The increased transparency achieved through IPSAS implementation facilitates more effective oversight by auditors and regulatory bodies. With standardized reporting, auditors can more easily identify discrepancies and potential mismanagement within financial statements. This enhanced oversight capability is crucial for maintaining the integrity of financial data and preventing financial manipulation or fraud. Furthermore, standardized reporting practices help ensure that all public entities adhere to the same guidelines, reducing the risk of varied interpretations and promoting fairness and objectivity in financial assessments. Enhancing accountability through standardized reporting also facilitates oversight by auditors and regulatory bodies. Uniform standards allow auditors to identify discrepancies and potential errors in financial management more efficiently. This is crucial for maintaining the integrity of financial statements and preventing data manipulation that could harm public interests. Standardized financial reporting also ensures that all entities follow the same guidelines, minimizing the risk of differing interpretations and enabling fairer and more objective comparisons. This fact illustrates that IPSAS is an essential tool for strengthening oversight mechanisms and improving the quality of public sector governance.

In terms of public trust, the findings of this study confirm that enhanced transparency and accountability are directly linked to increased public trust. When the public sees that public institutions operate transparently and public officials are held accountable for their actions, trust in the government tends to increase. This trust is a critical component of the legitimacy of public administration, as with public support, the policies implemented may be effective and even accepted. With standardized and transparent financial reporting, policymakers can provide a more precise and accountable picture to the public, reinforcing support and legitimacy for those policies. Accurate and comprehensive data enable policymakers to make more informed decisions, particularly concerning budget allocation and resource management, ensuring that limited resources are used efficiently and effectively to achieve the strategic goals of the public sector. The importance of harmonizing financial reporting practices with international standards such as IPSAS in the context of globalization must be considered. Many countries are now involved in various forms of international cooperation that require transparency and consistency in financial reporting. IPSAS helps align national reporting with international best practices, enhancing global financial stability and transparency. This not only assists in improving national credibility in the eyes of international investors and donor agencies and strengthens the country's position in global discussions on financial governance and public policy. By using international standards, countries can more easily participate in international benchmarking and identify improvement areas aligned with global best practices.

The adoption of IPSAS also has significant implications for improving public sector performance. With standardized financial reporting, public entities can more accurately track their financial status, identify areas for improvement, and allocate resources more efficiently. This allows governments to enhance operational efficiency and reduce resource wastage. Thus, IPSAS functions as a reporting and essential management tool that assists governments in better planning and decision-making. With greater transparency, public officials are encouraged to adhere to high ethical standards and make decisions that consider the public interest. However, the challenges in implementing IPSAS must be addressed. One of the main challenges is the need for substantial training for staff involved in financial reporting. Many public institutions, particularly in developing countries, may still need more human resources to adopt these new standards. This training process requires more than just time and resources; it also necessitates changes in existing financial management systems, which can be very costly. In many countries, the technological infrastructure required to support standardized financial reporting may also need to be improved. Therefore, although the long-term benefits of adopting IPSAS are clear, the implementation process can be a significant burden in the short term.

The social and political impacts of increased transparency and accountability resulting from implementing IPSAS are also significant. With greater transparency, the public has better tools to monitor government actions and hold public officials accountable. This can enhance political stability, as transparent governance is generally more trustworthy to the public. Furthermore, public engagement in oversight and accountability can foster greater civic involvement, which in turn can strengthen democracy and encourage more inclusive and responsive decision-making. About the research hypothesis, the findings of this study support the hypothesis that implementing IPSAS will enhance transparency, accountability, and public sector performance. These findings are consistent with public governance theories emphasizing the importance of transparency and accountability in building public trust and improving administrative efficiency. These results align with previous research indicating that standardized financial reporting contributes to increased accountability and oversight in the public sector. However, the study also notes that challenges in implementation, such as the need for training system changes and infrastructure limitations, can be significant barriers. Nonetheless, the study suggests that the long-term benefits of increased transparency and accountability and improved public sector performance outweigh the challenges faced during the implementation process.

The practical implications of this research are clear. To maximize the benefits of IPSAS, governments and public institutions must invest in training and capacity building to ensure that their staff is prepared to adopt these new standards. Additionally, investment in adequate technological infrastructure is crucial to support the standardized reporting process. Support from international organizations is also vital to assist countries with limited resources in implementing IPSAS. With a coordinated approach and adequate support, countries can ensure that they are prepared to meet international standards in financial reporting, ultimately enhancing governance and sustainable economic development.

Findings that support or challenge existing IPSAS theories offer insights into enhancing public sector accounting for greater transparency and accountability. While IPSAS implementation serves as a valuable tool, it requires ongoing evaluation and adaptation to local contexts for effectiveness. If IPSAS fails to enhance transparency—such as if financial reports are complex or limited to select users—this undermines the assumption that international standards inherently boost accountability. Moreover, challenges arise if IPSAS complicates accounting processes, particularly in varying capacities between developed and developing countries, potentially widening inequalities and hindering global data integration.

Different political and economic contexts can influence how countries adopt and implement IPSAS, as well as the extent to which these standards are effective in enhancing public sector transparency and accountability. Countries with greater political stability and economic capacity tend to be more successful in implementing IPSAS, while countries with political instability, fiscal problems, or resource constraints may face greater challenges. Cultural factors, stakeholder participation, and external influences also play important roles in determining the success of IPSAS adoption and implementation.

IPSAS implementation can bring significant benefits to the public sector, especially in terms of transparency and accountability, but real challenges remain, especially in the context of developing countries and countries with unstable political dynamics. Unexpected findings—such as declining public trust in some developing countries or difficulties in achieving policy efficiency despite more transparent financial reporting—suggest that while IPSAS has great potential, its success is heavily influenced by the unique local social, political, and economic context.

In addition, the differences between these findings and previous research underscore the importance of local customization in IPSAS implementation, which may not always be in line with expectations or models applied in developed countries. Therefore, future research should pay more attention to local conditions in determining the success of implementing international standards such as IPSAS in the public sector.

## CONCLUSION, IMPLICATION, AND LIMITATION

This study explored the implementation of International Public Sector Accounting Standards (IPSAS) and its impact on enhancing transparency and accountability in public sector financial reporting. The research aimed to address the extent to which IPSAS adoption improves the comparability and reliability of financial statements facilitates better oversight and fosters public trust in governmental institutions. The findings underscored the critical role of standardized accounting practices in mitigating information asymmetry and promoting a clearer understanding of financial data across different jurisdictions.

The value of this research lies in its contribution to both academic literature and practical policy-making. The study offers original insights into the challenges and benefits of adopting IPSAS, emphasizing the importance of transparency and accountability in public financial management. The practical implications are significant; by adopting standardized accounting practices, public institutions can improve their governance frameworks, ensure better resource allocation, and strengthen public trust. For policymakers and managers, this research highlights the necessity of investing in capacity building, technological infrastructure, and ongoing training to realize the full benefits of IPSAS.

However, the study has its limitations. The research primarily focuses on the conceptual and implementation aspects of IPSAS, with limited empirical data on long-term impacts. Future research should aim to gather longitudinal data to assess the sustained effects of IPSAS adoption on public sector performance and public trust. Additionally, geographic and contextual differences constrained the study's scope, suggesting that future studies should consider a broader range of countries and institutional settings. Researchers are encouraged to explore the socio-political dynamics that influence adopting and adapting international accounting standards in various regions, providing a more comprehensive understanding of global best practices in public sector financial reporting.

Future research that focuses more on longitudinal data, broader contextual analysis, and understanding the socio-political dynamics that influence IPSAS adoption would make important contributions to the literature and practice of public sector accounting. This approach would allow us to better understand the long-term impacts of IPSAS adoption and provide useful insights for countries considering or implementing these standards.

By providing practical, evidence-based recommendations to policymakers, as well as more in-depth research directions for future research, we can strengthen our understanding of the impact of IPSAS on the public sector. Further research involving longitudinal data and cross-country comparisons will provide a more complete and comprehensive insight into the challenges and successes in implementing this international standard. Policymakers can use these recommendations to optimize the implementation of IPSAS and maximize its impact on public sector transparency, accountability, and efficiency.

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