

PUBLIC SECTOR REFORMS IN BELGIUM – SITUATION 2015

Financial Accounting Perspective

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NPM Seminar VUA 9/2005




NPM Reforms Belgium

- Since end of 80's > 30 NPM reforms in governments and non-profits → amalgamation
- A few (Flemish local gov, Flemish Community) far-reaching:
 - Accrual accounting, accrual budgeting, long range planning, controllership, auditing, etc.
- A number of them accounting + auditing
- Most of them just financial accounting reforms


NPM Reforms Belgium (2)

- Some characteristics:
 - Strong belief in transferability of accrual accounting, but heterogeneously
 - Reform of the reform
 - User needs difficult to determine, political context underestimated
 - Control activities oversight bodies mixed up with audit activities
 - Officials ↔ Accountants, professionals


Proposition I

- NPM, particularly accrual accounting: haven't they forgotten politics?
 - Accrual accounting → Financial statements (= +/- Service Efforts)
 - But what about the “accomplishments” for the elected?
 - To what extent are politicians interested in business-like financial statements?
-  There will be the need for political adaptation (e.g. “new cameralistic accounting”) or use of financial statements will further decrease


Proposition II

-  Cameralistic accounting will at least partly remain or come back
 - Accrual budgeting: agreement on Revenues – Costs
 - Cameralistic budgeting: agreement on Receipts – Payments
 - Agreement on revenues – costs very difficult in a political context: depreciations, writing-off's, allocation of overheads arbitrary, ...

Proposition III

-  Accrual accounting will only survive in business-like (parts of) governments
 - P/L does not measure the results of government unless for business-like activities
 - Possible separation of “business-likes” by privatisation, PPPs, devolution, proprietary funds

Proposition IV

-  Convergence → Divergence → Convergence
 - End of 80's: → striving for accrual accounting
 - Apparently, outcomes are drifting apart
 - 2015: → convergence to certain extent due to IPSAS, EC initiatives, need for harmonisation