

Harmonization of Financial Information Systems in Latin America in Light of International Public Sector Accounting Standards Using the Herfindahl-Hirschman Index

Authors : Laura Sour

Abstract : Government accounting is an essential instrument of transparency and accountability in public administration, which allows connecting internal management with the implementation of policies and their evaluation by third parties through the construction of indicators on the cost of government. Several countries have adopted the International Public Sector Accounting Standards (IPSAS) as part of their modernization strategy. This document will evaluate the quantity and harmonization of the financial information published in the financial statements of 12 Latin American countries based on what is established in IPSAS 1, 2 and 17. For this, seven types of financial statements are analyzed, published during the period from 2015 to 2019. Based on this information, it will be possible to describe the evolution in the government financial publication to carry out a detailed analysis of the items that have been most transparent in these countries. Finally, the level of harmonization of the financial statements will be studied using the Herfindahl-Hirschman index (IHH) to determine the degree of comparability of the information. To date, the results indicate that the public sector has increased the quantity and harmonization of the financial information published during the study period, but in a heterogeneous way: From the data collected, it has been found that the financial statement published with greater frequency and quantity is the Income Statement (classification of expenses by nature). On the other hand, the most complete reports were published by Costa Rica (2017 to 2019) and Mexico (2016 to 2018), periods during which these countries complied with 92.9 percent of the items analyzed. Although 2017 and 2018 are the years in which the most financial statements were reported, it is important to mention that Mexico is the country that has published the most financial information throughout the entire study period. The use of the IHH is expected to provide accurate information on the quality with which countries have adopted IPSAS within their government accounting systems to promote transparency and accountability in the continent.

Keywords : accounting and auditing, government policy and regulation, harmonization, public sector accounting and audits IPSAS

Conference Title : ICAFM 2023 : International Conference on Accountability and Financial Markets

Conference Location : London, United Kingdom

Conference Dates : May 15-16, 2023