

REFLECTIONS ON PUBLIC SECTOR CONSOLIDATED FINANCIAL STATEMENTS RESEARCH

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Abstract. The article aims to analyze the specific issue of consolidated financial statements in the public sector, in order to have an overview of the current knowledge of this topic at international level. To achieve this objective we explored the literature on the consolidated financial statements in the public sector through qualitative analysis. The main findings relate to the identification of the research directions analyzed by scholars in the public sector consolidated financial statements. Following the qualitative research, we noticed that research on this issue is only at the beginning. There are some research areas that have been insufficiently analyzed and where there is a need to continue and deepen the research. We found that this new type of reports could bring a lot of advantages for the public sector. They could also increase the transparency and accountability of governments.

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1. Introduction

The technological and social progress in the twentieth century have increased the organizational complexity, creating a new trend in the business world. The economic and organizational structures were required to adapt to this trend. However, things have evolved in the public sector, so that in the recent years, most OECD countries have introduced some important reforms in the public sector accounting system, aimed at improving public service management, and increasing transparency and accountability of governments (either central or local). The public sector accounting reforms share a common direction in the implementation of systems based on accrual accounting. Thus, the transition from cash based accounting to the accrual one was the first step that led to the introduction of the public sector consolidated financial statements.

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The most important thing from which every academic research should start is knowing in detail the field in question. The analysis of the literature imposes searching the most relevant papers and articles. In addition, the aim of such a study is to discover some possible ways of research. The results obtained from such an analysis would bring relevant contributions to the scientific knowledge. Besides these new ways of research that might be found, we consider that this type of research may also provide new horizons related to enlarging and enriching the practices that exist in the studied field.

The public sector consolidated financial statements might be considered a topic of current interest that is gradually developing. This issue of consolidated financial statements in the public sector has been of major interest lately even for researchers from different academic areas. As the topic of consolidated financial statements in the public sector is going to be implemented in different countries and it is under the process of developing in other countries, from the information we have now there is no study that might have analyzed the specialized literature in the field of consolidated financial statements in the public sector. Although there have been studies of literature in another area, such as public sector accounting (Goddard, 2010), accounting for public services (Broadbent & Guthrie, 1992, 2008), this subject wasn't studied through an analysis of the literature.

Therefore, we aim to develop a substantial study of the literature in the field of accounting, focused on the public sector consolidated financial statements. Our objective is to identify the main topics approached by researchers who show a great interest in the issue of public sector consolidated financial statements, but also to emphasize the advantages and disadvantages that these reports can bring.

This analysis comes to help any researcher or practitioner who wants to get an overall idea about the issue of consolidated financial statements in the public sector.

2. Research methodology

In order to achieve the established objectives, we conducted our research by following four steps.

Since it is impossible to do a review of the whole literature related to a certain field, in the first stage we selected the journals to include in the study. The journals included are journals that have as main research direction the public sector research. So, we selected 19 international journals (see Table 1), of which 10 are ISI indexed journals.

After choosing the journals, we selected the articles published during 2000 and 2011 in these journals. The search was done by the keywords "public sector consolidated financial statements", being limited to the occurrence of these words in the title, abstract or keywords of the article. However, the number of identified articles was very small and so we expanded the search in conferences, and we identified another 11 articles written on this topic. In order to identify more articles, we expanded our research in two databases, but we could not find more articles on this topic. We can explain the small number of articles by the novelty of these reports in the public sector. These reports represent a new reform that took place in the public sector and are under development and implementation in the public sector.

Table 1. The selected journals and the number of identified articles

No.	The name of selected journal	Number of identified articles
1	Financial Accountability & Management (FAM)	0
2	Accounting, Auditing and Accountability Journal (AAAJ)	0
3	Accounting, Organizations and Society (AOS) ^{ISI}	0
4	Management Accounting Research (MAR) ^{ISI}	0
5	European Accounting Review (EAR) ^{ISI}	0
6	Critical Perspective on Accounting (CPA)	0
7	British Accounting Review (BAR)	0
8	Abacus – A Journal of Accounting Finance and Business Studies (ABA) ^{ISI}	3
9	Accounting and Finance (AF) ^{ISI}	0
10	Journal of Business Finance & Accounting (JBFA) ^{ISI}	0
11	Journal of International Financial Management & Accounting (JIFMA)	0
12	Journal of Accounting Research (JAR) ^{ISI}	0
13	Australian Accounting Review (AAR) ^{ISI}	0
14	Public Budgeting & Finance (PBF)	0
15	Australian Journal of Public Administration	1
16	Public Money & Management	7
17	Accounting and Business Research (ABR) ^{ISI}	1
18	Journal of Accounting and Public Policy (JAPP) ^{ISI}	0
19	International Review of Business Research Papers	1
20	International Conferences	11
	TOTAL	24

Source: author's projection

The third stage was achieved through a detailed analysis of the identified articles as being relevant to our topic of research. The main purpose of this detailed analysis was, in fact, the identification of the key research directions.

The last stage of this study is the qualitative analysis of articles, a step that requires a high capacity for synthesis and through which we tried to emphasize the main contributions of various researchers to the knowledge of the proposed research area. Thus, we analyzed the issues presented by the researchers and the results and conclusions obtained under each theme analyzed.

3. The main directions of research regarding the public sector consolidated financial statements

One of the most important characteristics analyzed in the articles is represented by the main topic discussed. We only established the topics analyzed by each article, and we summed up the number of articles for each topic, trying to emphasize the importance given by researchers to each topic. The main research topics, directions are the following:

1. The characteristics of consolidated financial statements in the public sector: basic notions, needs, implementation, tendencies;
2. IPSAS – standards for the public sector regarding the consolidated financial statements; and
3. The consolidation of the local governments.

So, we identified ten articles for the first topic, three articles for the second one and 11 articles for the third one.

It can be noticed that the researchers showed an increasing interest in the analysis of implementing consolidation at the local level, being followed by the characteristics of consolidated financial statements in the public sector at a general level. This is not surprising as many countries showed their interest in local consolidation and even experienced this in order to make an idea about how useful these consolidated reports might be. After implementing them at a local level, they started to introduce them at a central level, being aware of the advantages brought by these reports in the public sector. We cannot say that there is also an increasing interest in the issue of IPSAS. This could be explained by the fact that some countries failed to adopt the standards for the public sector and at the same time by the multitude of laws and standards applied in the public sector at country level. This thing will soon change as a result of trying to harmonize and adopt a single set of standards in the public sector as well.

4. Qualitative analysis

The paper qualitatively analyzes the main research directions regarding the consolidated financial statements in the public sector. By exploring the literature, we aimed to identify the main aspects analyzed, and at the same time to emphasize the results obtained and the conclusions drawn by researchers. We analyzed the contributions brought by the researchers to the scientific knowledge in this area. Taking into account the fact that we did not identify any review study analyzing the main scholarly contributions to this area, this study fills a gap in the literature. Moreover, the paper will also determine researchers to pay more attention to this topic that is still at the beginning.

4.1. The characteristics of public sector consolidated financial statements

The topic of public sector consolidated financial statements is a subject of current interest that many countries face. Even though they are not widespread, they gradually try to influence the accounting and reporting system of the public sector. Lately, a series of changes related to the accounting system occurred in the public sector. These changes opened the horizons of consolidated financial statements. Taking into account these aspects, one question of interest is whether the consolidated

financial statements are a benefit for the public sector and whether they can be implemented in this sector. To answer these questions, researchers underlined the experiences of the countries that started to prepare these consolidated financial statements in the public sector.

Grossi&Pepe (2008) conducted a complex study that underlined firstly what caused the introduction of these consolidated reports in the public sector. Secondly, the study explored the characteristics of the consolidation. They set the basis of a good analysis regarding the international tendencies of consolidating the annual accounts in the public sector. They considered the comparative analysis as being the most appropriate method to emphasize the similarities and differences between accounting principles and standards used for the preparation of consolidated financial statements in the public sector. The comparison is based on 7 representative countries. These countries are considered to be the most receptive to the introduction and preparation of consolidated financial statements in the public sector, countries that were the first that made the attempt and were convinced of the benefits of preparing and presenting new forms of financial reporting in the public sector. Grossi, an important researcher on this issue, has made many studies through which he tried to provide other researchers and practitioners answers on this subject, but he also tried to find his answers on the topic. The authors consider that there are quite substantial differences between the characteristics of private and public sector, which is the reason that hinders the imitation of the private sector approaches to the public one. One of the differences is the ability of public entities to adapt continuously and always meet the notion of accountability, which causes a strong connection between the reporting entity and the notion of accountability. They also classified the practice of these countries, identifying two categories:

1. the public sector approach, where standards fully comply with public sector characteristics and there is a strong desire to protect the role and functions of public entities but also of the community interests (Sweden and France); and
2. the private sector approach (or neutral approach) where even though the specific features of the public sector are identified, they are based on a private managerial culture (Australia, New Zealand).

So, they considered it appropriate to introduce a third category, namely, the public-private sector approach (IPSASB, United Kingdom, U.S., Canada), where the standards have been established as an adaptation from private to public sector (IPSASB, GASB, PSAB, FASAB) because they also refer to private regulations (United Kingdom).

Furthermore, in 2009, Grossi conducted another research, similar to the above mentioned one. He analyzed the topic of public sector consolidated financial statements, this time in 6 countries (Sweden, United Kingdom, USA, Canada, New Zealand and Australia). He presented the differences and similarities regarding the topic, but also the international tendencies related to the development of this topic, emphasising the role of IPSASB. As in the previous study, he presented the characteristics of approaching consolidation of the public sector related to: the organizations that issue standards, the context for which the standards were issued (private or public), the criteria for identifying the scope of consolidation; this thing might be achieved by using the method of comparison of standards issued in these countries. As a result of this study, it was found that there are no substantial differences between the standards nor between the indicators of the criteria for consolidation,

but the practice is moving towards two tendencies: a) Anglo-Saxon countries converge standards from the private sector to the public one; b) in some countries there is an influence of the government and thus the standards are modified in order to be applied in public sector.

Moreover, it was concluded that in countries like Australia, New Zealand and the USA there is a cooperative relationship between the regulatory bodies and the government and that in the UK there is little cooperation.

Another important researcher of public sector consolidated financial reports is R.G. Walker. Like Grossi, he also showed great interest in this subject, believing in the benefits of implementing the consolidated financial statements in the public sector. In the study that he made (2009), through a theoretical research, which involves an analysis of the specialized literature, of the existing regulations and practices, he noticed that governments have experienced or even prepared consolidated financial statements for the entire government on an accrual basis for more than three decades. The study aimed at analyzing the practices of consolidated financial statements in the public sector (especially in Australia), considering in this context, the general case of presenting consolidated financial statements of the entire government, public administration (or other sets of governments or government agencies). However, the focus was on identifying the objectives of this form of reporting and therefore, setting the limits of the reporting entity (or the scope of consolidation) for the public sector consolidated statements and the scope of consolidation of the public sector sub-sectors. The author's analysis continues with establishing the potential users of aggregated financial data about the position and the financial performance of governments, but also the decisions to be taken on such information. He also took into account whether such decisions should be considered a routine or if they occur only in certain circumstances or exceptional circumstances. He concluded that a number of routine decisions have at their basis some financial information presented as consolidated financial statements. Still, they should not be the ones for the entire public sector. At the same time, he supports the idea that only by identifying the use and users we can determine the amount of data presented by these reports and that practices in Australia on the public sector consolidation are of great diversity (especially in terms of how assets and liabilities are identified and measured).

He continued the research on consolidated financial statements and thus, he tried in his study (Grossi, 2011) to identify the problems that occurred in the practice in Australia since 1988. He suggested how these issues could be solved by referring to the decisions that might be taken in routine circumstances by the users of these reports. This time again, he used a chronological historical research, conducted by a literature review and a review of various documents essential to finding the desired answers. As a result of the analysis, he stressed that the issue of the public sector consolidated statements does not involve some technical problems that arise in the private sector. This is supported by the fact that the government doesn't make purchases. This means that there are no differences between the purchase prices and net assets acquired, which does not apply to the private sector where procurement determines recognition of intangible assets, goodwill and depreciation. He also noticed that there are a number of consolidation issues that remain unresolved by the accounting standards. While international and Australian standards refer to situations covering the entire government and GGS, they still need to apply and strengthen non-financial public sector entities. Also, the absence of certain requirements for

disclosure of transactions between-sectors can substantially affect the operating results reported. He also states that identifying the scope of consolidation is very important. At the same time, public sector consolidated financial statements provide a summary of financial performance of government as a whole. Another important aspect is the opportunity of performance indicators to accompany the consolidated report, which might determine that the provision of performance indicators together with the consolidated reports would give stakeholders a more complete and informative image of government performance in providing services.

One of the concepts that have a direct relationship with the issue of consolidated financial statements in the public sector is "accountability". Many researchers believe that accountability is an essential feature in the public sector, without which consolidated financial statements cannot be drawn. Thus, in his study, Wise (2010) tried, through a theoretical research, by including a new variable (preparer-commanders' beliefs about the usefulness of whole-of-government consolidated financial reporting), to find an answer to the question of whether the consolidated financial information is useful for government resource allocation decisions, not only for the decision-making purposes by using the Commander Theory.

In order to answer these questions, besides the literature review, he conducted a survey, an investigation by sending by e-mail a questionnaire that might explore the views of the authors of the public sector policy and of those who prepared a utility report on consolidated financial statements of all government, and then, using descriptive statistics, he analyzed the answers received. The sample selected was a relatively small one (Head of Finance and the Treasury Bureau and general auditor of each Commonwealth, states and territories), but then its size was expanded in an effort to capture the views of the officers in the role of deputies or senior officers. So, finally there were 52 dominant and subordinate preparer-commanders and their deputies and senior advisers. Of these 52 questionnaires, only 17 responses were received, so we can say that it was a fairly small number. According to the analysis of the questionnaires received, we found that there is a general conviction that the whole of government consolidated financial reports are useful and that the consolidated financial information is comparable. However, respondents are not convinced that the benefits of preparing consolidated financial reports are higher than costs. Nevertheless, the results show a very strong belief that, in terms of cost-effectiveness decisions, unconsolidated information is far less beneficial than consolidated information and state that some of the benefits of consolidated financial reporting have been experienced by stakeholders. The two terms "ownership" and "control" still determine pros and cons, and the respondents do not seem convinced that ownership was the most appropriate criterion for implementation of consolidation accounting in the public sector, and believe that the concept of control is necessary for whole of government consolidated financial reporting. This article concludes as most research does, namely that there are differences between private and public sectors, and certain things can not be taken from the private sector. For example, it is necessary to identify other users of consolidated reports, but also their information requirements as they differ from those of the private sector. At the same time, it is also necessary to develop a conceptual framework that might adequately reflect the government nature and operations.

Having in mind all those who have shown a keen interest in this issue, we can say that the theoretical research prevails in highlighting the main features of the public sector consolidated financial statements, but there is still some more empirical research.

4.2. IPSAS – Standards for the public sector regarding the consolidated financial statements

IPSAS are based on standards issued for the private sector (IAS / IFRS). Although there are some arguments that highlight the differences between the two sectors, private and public, many private practices have been implemented in the public sector. Even though Australia has used the same standards regarding the issue of consolidation, for both the private and public sector, considering that there are no substantial differences, there are countries for which the differences between the two sectors should be considered when developing standards and when applying them to the issue of consolidation, respectively. Some researchers have expressed interest in building analysis on standards in the public sector.

A study that we had in view was the one conducted by Johan Christiaens, Jan Rommel and Philippe Van Cauwenberge (2008), who considered analyzed IPSAS 22. They have produced a documentary study, based on a critical examination of legislation, standards and interpretations. They have also taken into account other previous research in this area. They tried to find an answer to the following questions: What will be the consequences of applying IPSAS as a conceptual framework for WGA? What type of accounting information will result from the application of IPSAS concept? However, the previous research has highlighted the growing differences with regard to regulations and accounting practices that currently coexist in the accounting systems in the public sector (Christiaens, 2001, Pina and Torres, 1996). Governmental accounting seems to be an uncoordinated and extremely complicated "chimera", creating the need of consolidated accounts (Jones, 1995). The authors believe that IPSAS have played a positive role in developing uniquely allowed accounting rules that are known worldwide. The objectives of WGA refer to organizational management, ownership and development of macro-economic policy (Chow et al., 2007:34). The IPSAS conceptual framework addresses these objectives by focusing on the need for: 1) transparency, 2) a better understanding of the market and non-commercial activities, 3) understanding the relationship between financial statements vs. financial reporting based on statistics. So, certainly, the concept of IPSAS on the WGA is worthy of opening the way towards issuing transparent whole of government financial statements. At the same time, the conceptual analysis of IPSAS on WGA suggests a number of conceptual issues, such as: a) IPSAS are largely inspired by private sector standards thus they favour the hypothesis that governmental reporting should be conducted by accounting methods and commercial/private viewpoints b) there is also a confrontation with financial reporting systems on a statistical basis, which currently serve the needs of other users. The IPSAS govern these two systems only for decision makers; c) IPSAS underestimate the political and organizational characteristics of governments. This study attempted an analysis of conceptual framework only from the conceptual point of view, the authors hoping to achieve in the future an empirical study on the application of WGA reports and their usefulness to users.

4.3. Consolidation of local governments

Local governments have played an important role in implementing the consolidated financial statements. Many countries were receptive to this issue of

current interest and had shown interest in discovering the benefits and usefulness of consolidated reports. If practitioners have also considered the introduction of consolidated financial statements in the local public sector as an immense horizon, openness to new, these consolidated reports were a subject that has aroused the interest of researchers as well.

Taking into account the interest shown by both practitioners and researchers, we also felt that we must pay significant attention to this issue, or rather to this research direction. Thus, we were able to have access to some studies that had as main subject the consolidated financial statements of local governments, studies that have provided the understanding, to a greater extent, of this topic.

As mentioned above, Giuseppe Grossi is a researcher concerned with the public sector consolidated financial statements. Grossi also paid considerable attention to the analysis of consolidated financial statements at local level. In the studies conducted in 2008 and 2009, Grossi analyzed the impact, the possible effect on the consolidated financial reporting accounting and reporting system of Italian local government (provinces and municipalities). The study was based on a pilot project on consolidated financial reporting in Tuscany, a project done in collaboration with the Association of Italian Municipalities. The survey was conducted on a selected sample of the financial managers of 12 municipalities in Tuscany. Through this study, answers to a series of questions were found and some issues were clarified. It was observed that there is a tendency for the implementation and preparation of consolidated reports in certain municipalities, the most responsive one being Pisa, which has already prepared consolidated reports. Also, Florence, Siena, and Prato developed a plan for preparing the consolidated statements and will do so. In terms of consolidated reports users there were identified both the internal users (the main ones being politicians, followed by managers of the city and the sector) and the external ones (the key is people, followed by other public administrations (ministries), donors, the court audit and other stakeholders). In some municipalities, the existence of a unit responsible for internal control of municipal corporations was also identified. The opinions regarding the actors involved in the consolidation process are divided. Some believe that the CFO is responsible for preparing the consolidated statements; others indicate control unit managers and top managers as the most appropriate bodies to do so. Practitioners also identified the most common issues, obstacles to consolidated financial statements implementation at the local level:

1. lack of homogeneity of the accounting of local administrations and municipal companies;
2. lack of expertise and know-how (insufficient knowledge of the consolidated reports);
3. lack of staff;
4. no obligation to completion;
5. difficulties in obtaining necessary data and documents over time;
6. limited transparency of annual reports of the local government; and
7. lack of appropriate software.

Indeed these obstacles must be overcome and taken into account for accurate and efficient implementation, not only locally but also centrally. All the results of the

study offered the authors the opportunity to understand the reasons why consolidated financial statements are not spread to the local government in Italy, and also to understand that the adoption of consolidated financial reporting (CFR) requires overcoming cultural, technical and legal nature obstacles. In conclusion, we can say that the issue of consolidation is a complex issue that requires financial and human investment, and it is required by the local governments in Italy to invest more in training in order to develop innovative accounting instruments (accrual accounting and consolidated financial statements).

In another study, Grossi examined, throughout a critical analysis, the aspects of IPSAS implementation related to consolidation of the local governments from Italy. Grossi tried to determine whether consolidated financial statements (CFS) are a tool for increasing communication and ensuring that the public interest is followed up or is just another way through which government accounting practices are colonized by the private sector.

Starting from the idea that IPSAS 6 was issued in accordance with IAS 27, he notices that the peculiarities of governmental organizations seem not to be taken into account and that the consolidation requirements according to IPSAS 6 are based on private practices. Similar to Wise, Grossi noticed that IPSAS framework has the positive effect of providing transparent consolidated information, which is useful for decision making, but he also found the existence of conceptual and practical problems, namely the consolidation area is very difficult to establish, because the IPSAS approach regarding consolidation is inspired by the private sector accounting standards and the relations between government entities are based on social, political and administrative criteria, not only on economic and legal power. Since CFS are prepared by public sector organizations, it may be believed that they should gain a dominant "public interest" and therefore it is considered that the existing accounting standards and techniques for consolidation should be revised.

Another representative study for the consolidated financial statements of the local governments was the one conducted by Andreas Bergmann and Daniel Bietenhader (2008). The objective was to explore the current state of Switzerland (the differences in the practices and the views on consolidation). In this respect, they surveyed a sample of seven cities (Zurich, Basel, Bern, Winterthur, St. Gallen, Lucerne, Biel) in the German-speaking part of Switzerland. Thus, those who completed the questionnaires were CFOs of the seven cities being considered the most suitable to answer these questions and to give a true picture of the current state of consolidated financial statements. It was found that the largest Swiss municipalities control separate entities of significant size and relevance, namely public agencies and public corporations. Even though they do so, with one exception (Bern), their financial activity is not consolidated, and in some cases it is not even presented. There are also CFOs who consider the consolidated report very important (Zurich, Bern, Basel and Winterthur), but there are also disagreements (St. Gallen, Biel and Lucerne).

They managed to identify a number of reasons why they don't have consolidated statements, but also difficulties they encountered when drawing up the CFR. Among the reasons for not presenting such reports we can mention: lack of interest or political pressure; high implementation costs; lack of legal obligations; and technical problems.

And among the difficulties encountered we can mention: lack of homogeneity of accounting standards between the controlling entity and the controlled one; lack of specific knowledge; cultural issues; and periodic retrieval of data and documents required.

The authors state that technically, consolidation is a significant lack (gap) of financial reporting of Swiss cities. Given the size of the cities, one can say that consolidation is more important for big cities, while for smaller cities, consolidation is less important, and the towns of cantons (states) that have adopted consolidation are more aware of the importance of consolidation and try to implement it at the same time with the cantons while others do not have such plans.

Through a theoretical research, Tagesson (2008) argues that consolidated reporting is needed in the public sector as a whole, but also for local administrations. At the same time, he shows support for proportionate consolidation in accordance with the acquisition method. He examines the aspects of the municipalities in Sweden, and concludes that one of the most important features for municipal accounting is comparability. This is an argument for consolidated reporting and for using proportionate consolidation in accordance with the acquisition method. Other arguments for proportionate consolidation refer to the fact that municipalities, to some extent, use jointly owned companies. Also, the full method overestimates costs for supply, delivery services, while the equity method underestimates them. Like Grossi & Pepe (2008), Tagesson (2008) concluded that public sector accounting has different objectives from private sector accounting.

As it could be seen from above, this line of research preferred an empirical analysis based on surveys, questionnaires and investigation. The study conducted by Gori and Fissi (2009) analyzed and assessed consolidated financial statements of the local government groups as a strategic tool, given the recent accounting standard and experiments in developing the group's consolidated financial statements of local authorities. The authors accomplished this through a comparative analysis of the latest standard with the current state of Italy. They applied the content analysis of CFS capacity of the local groups to provide strategic information to improve effectiveness and efficiency of public governance. They also examined, in a critical manner, the experiences of CFS in Italy. Following these analyzes, they concluded that the consolidated financial statements can be validly used to support decision-making process of top management of local authority in planning, scheduling and controlling (even strategic) local public group activities. This could be a powerful tool to achieve proper accountability when fragmentation of local activity in a number of subsidiaries makes accounting less informative. At the same time, they consider necessary the implementation of the immediate obligation to prepare consolidated financial statements for the local group. These are the only tools capable of assessing the economy of the economic entity constituted by the local authority and the local public companies. At the same time, these might help to compare the necessary costs required from the community for the services received. They consider the attempts of other municipalities as an opportunity to solve some problems that might occur when an instrument of accountability as complicated as CFS is used for the first time in such a complicated area.

5. Conclusions

The main result of the study was the knowledge of the directions used by researchers in the consolidated financial statements from the public sector.

In order to achieve qualitative research we divided the articles according to the main topic addressed. Thus, the few issues identified as being under review in international studies highlight the novelty of the public sector consolidated financial statements. Among these, we found that consolidation of local governments is the issue that is mostly analyzed at the international level, which is not surprising given the fact that local governments have more and more companies and independent administrations of local interest, and thus it requires a very accurate and faithful presentation of the whole local public sector. In addition to consolidation of local governments, we observed that the characteristics of consolidated financial statements of public sector - basic concepts, needs, usefulness, tendencies - is also a topic of interest and often debated in the analyzed articles. We can not say the same about standards related to consolidated financial statements applicable to the public sector, as this subject is still at the beginning.

So, we can conclude that:

1. Recent research on the characteristics of the consolidated financial statements of public sector: basic concepts, needs, usefulness, tendencies have achieved results according to which the public sector has some typical features that create difficulties in copying the private sector approach. Most studies have shown a tendency of copying the private sector accounting practices in the public sector and they try to highlight the benefits and the inconveniences of this approach. Thus, there is a need for further research in order to confirm or refute previous findings, but also to find the best option for these reports in the public sector;

2. Research on IPSAS - public sector standards on the consolidated financial statements still present a low interest. There are few countries that prepare consolidated financial statements according to IPSAS, as most of them either have their national standards, or apply IFRSs (standards applicable to private sector) also in the public sector; and

3. Research on consolidation of local governments is a very important issue and it brings a number of arguments for the development of consolidated statements in the public sector also. The lack of homogeneity of the accounting of local governments and municipal companies, insufficient knowledge about the consolidated reports, lack of personnel, and lack of mandatory preparation of such reports are not reasons that can not be overcome and thus the practice of consolidation of the public sector can be implemented.

Taking into account that it is a qualitative research, the limits of the study relate to:

1. The small number of items on the subject - however it is a completely normal thing due to the novelty of the practice at the international level;

2. The analyzed scope period of only 12 years in the context of the introduction of consolidated financial statements of public sector accounting system dating from the early 1990s. However, given the small number of items found in the period under review, we consider that the subject is only at the beginning and that current research analyzed reflects clearly enough the current knowledge stage;

3. The sample analyzed included a total of 19 international journals, which are representative for the study (significant as also indicated by other researchers in the public sector), but because analyzing the entire existing literature is impossible, our research is limited. The fact that we found a relatively small number of U.S. research may be due to the inclusion in the sample of selected journals of only one U.S. journal; and

4. The sample was limited to those items that were selected based on the keywords "public sector consolidated financial statements", as a greater number of keywords might have resulted in a larger sample that would have been difficult to analyze, but also irrelevant to the subject studied.

Following the qualitative research conducted, through which we reviewed the main contributions on this topic, we noticed that research on this issue is only at its start. There are some research areas that have been insufficiently analyzed and where there is a need to continue and deepen the research. This need is also felt at the level of those research areas that are characterized by a substantial number of articles, but whose results need to be deepened and justified.

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