

## Brazilian Public Accounting: Integrative Review

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### Abstract

Accounting is objectively an assessment and information system designed to provide users with statements and analyzes of economic, financial, physical and productivity nature concerning an entity, the object of accounting. The objective is to verify whether the papers published by the *Revista Brasileira de Contabilidade* addressing public administration give more emphasis to financial or managerial accounting. Using integrative review with data collected in papers published online by the *Revista Brasileira de Contabilidade* from 2000 to 2015. All the papers published in the study period were consulted and systematized in a flowchart. A total of 662 papers were found and after exhaustive reading only 15 were included given their relevance to the study question. Of these, 80% (12 papers) use financial accounting focusing on accountability and public transparency. The papers show that accounting is a tool used to report public accounts according to the Fiscal Responsibility Act; the managerial approach is underutilized.

**Keywords:** Public Accounting; Accounting Areas; Financial Accounting; Managerial Accounting; Review

### Introduction

According to Padoveze accounting is objectively an assessment and information system designed to provide users with demonstrations and analyzes of economic, financial, physical and productivity nature pertaining an entity, the object of accounting. Accounting objectives should therefore implicitly or explicitly contain what users consider being important elements to justify past actions but also help the decision-making process [1].

The accounting thematic fields, which according to Oliveira were addressed in published papers included: 1<sup>st</sup>) Managerial accounting; 2<sup>nd</sup>) Financial Accounting; 3<sup>rd</sup>) Accounting Theory; 4<sup>th</sup>) Accounting Education and Research; 5<sup>th</sup>) Cost Accounting; 6<sup>th</sup>) Professional Practice; 7<sup>th</sup>) Public Accounting, Public Budget, and Public Finances; and 8<sup>th</sup>) International Accounting [2].

Nonetheless, in a simplified way, Accounting can be grouped into two fields: Financial Accounting and Managerial Accounting [3]. Financial Accounting is oriented to the public and external users (shareholders, creditors, society and government) and is strongly regulated while most of the information produced is generally aggregated, historic, objective and of a financial nature. Managerial accounting is oriented to internal (managers and employees). It is not rigidly regulated and information provided is current, prospective, more subjective and generally disaggregated. One can say Financial Accounting is concerned in reporting the past and give account of transactions while Managerial Accounting is concerned with the future and uses accounting data to support more assertive decisions.

Managerial accounting has various functions in an organization such as operational control, the objective of which is to provide information about the efficiency and quality of activities [4]. It also helps to measure, analyze, and disseminate relevant and useful information in order to help the decision-making involving operations, planning and control of organizational activities [5]. Table 1 presents the main characteristics of this subdivision.

After this contextualization, this study's objective was established, namely: to identify whether the papers published by the *Revista Brasileira de Contabilidade* addressing public administration focused more on financial or managerial accounting.

### Methods

This qualitative study was preceded of a bibliographic research, an integrative review. The study's corpus is composed of 15 papers published by the *Revista Brasileira de Contabilidade* (RBC). All the papers published in the journal's 59 issues from 2000 to 2015 available online were consulted. The search was conducted between May and August 2016 according to the guiding question: What are the characteristics of the papers published by RBC addressing public administration that mainly focused on financial or managerial accounting? The following stages were then. After identifying the papers, an electronic spread sheet was created with the following items: 1) year of publication; 2) number of the issue; 3) paper's title; 4) type of publication; 5) online availability. In the second stage we excluded the following type of manuscripts: interviews; editorials; reports; theses; dissertations; book reviews; papers written in other countries; and papers not available online. Three independent analysts read the titles and the papers that presented the following descriptors were analyzed: financial administration, public finances, public sectors, managerial control processes, government, public administration, and management control systems. The fourth stage included original manuscripts that the aforementioned descriptors and did not present any exclusion criterion. Hence, 15 papers published online by RBC were included. After exhaustive reading of papers, two thematic categories were established for analysis: papers focusing on financial accounting and papers focusing on managerial accounting. Figure 1 presents how data were consulted and selected and a summary of the 15 papers is presented in Table 2.

### Results

In this study 59 editions of RBC were found, with 662 articles

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Received September 29, 2016; Accepted November 07, 2016; Published December 08, 2016

Citation: Lourdes Souza M, Moreira Souza SCS, Molinari M, Ramos A, Velloso BP (2016) Brazilian Public Accounting: Integrative Review. Int J Account Res 5: 145. doi:10.4172/2472-114X.1000145

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Aspects	Financial Accounting	Managerial Accounting
Target audience	External: shareholders, creditors, government, society, lawmakers, others.	Internal: executives, managers, public sector managers, etc.
Emphasis	To report financial performance	Support decision-making process, planning, direction and motivation, control and assessment of performance.
Date	Historic, delayed	Current, future-oriented
Restrictions	Regulated: directed by rules and essential accounting principles and government authorities	Deregulated: systems and information established by management to meet strategic and operational needs
Type of information	Only financial measurement	Financial, physical and operational measurement
Nature of information	Objective, auditable, reliable, consistent, precise	More subjective and subject to judgment. Valid, relevant and accurate

Table 1: Main characteristics of financial and managerial accounting.

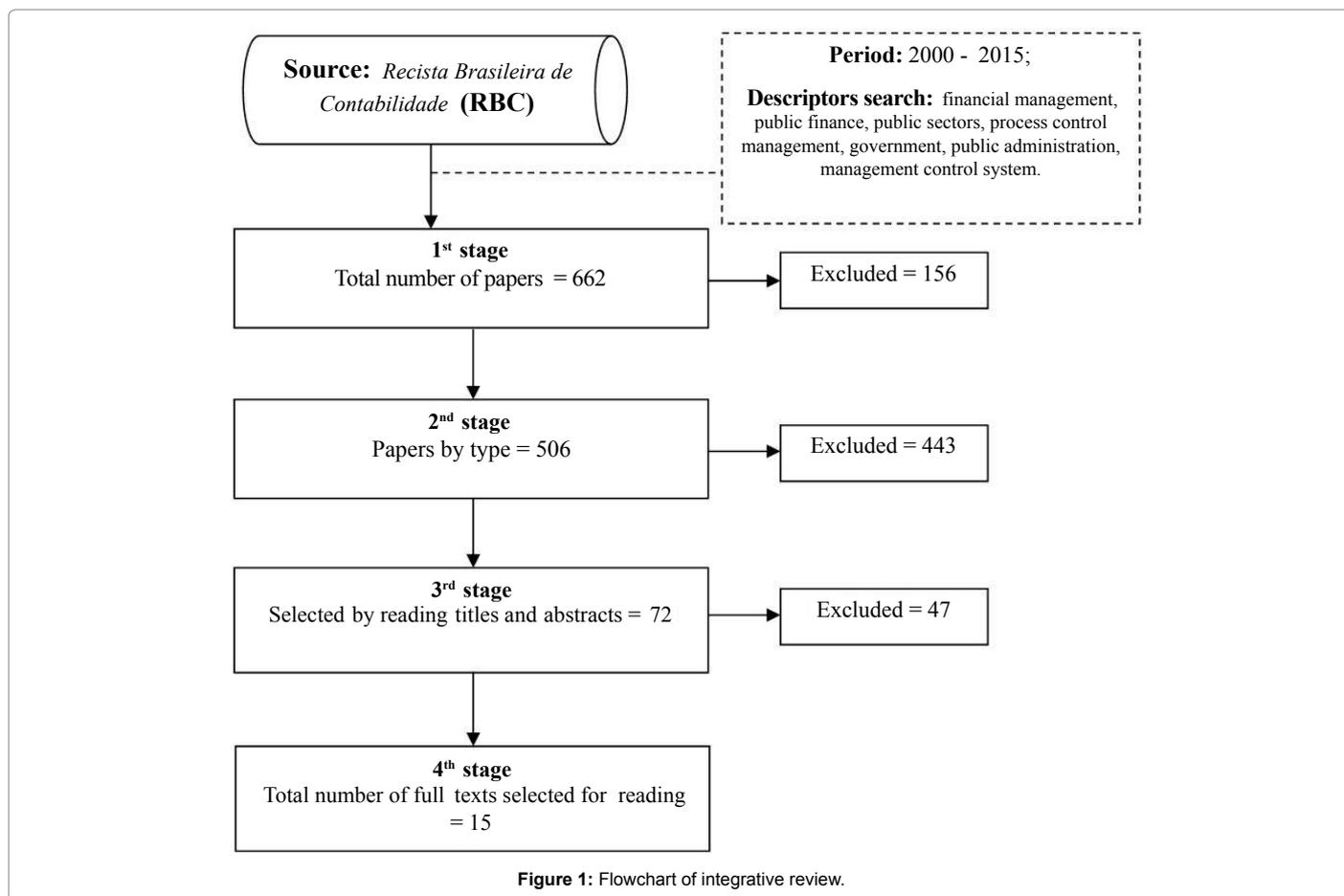


Figure 1: Flowchart of integrative review.

S.no	Paper	Related Descriptor	Study's Objective	Type of Study	Results
1	A contabilidade societária como mecanismo de acompanhamento da gestão pública [corporate accounting as a follow-up mechanism of public management]	Accounting as an information tool	To propose a new model to represent public assets and analyze the degree of transparency of public accounts compiled according to the new model proposed.	Bibliographic, documentary research	The information issued by Public Property Statements is insufficient and inappropriate for management follow-up and control. The causes are related to a lack of access and understanding of such information on the part of society, the main user of Public Accounts. The new model of representation of public assets that is proposed in the paper mitigates these difficulties, standardizing accounting concepts, which even though are not yet of public domain, present greater logical coherence with economic and financial analysis.

2	Análise das publicações eletrônicas dos instrumentos de transparência na gestão fiscal dos municípios de Mato Grosso, sob a perspectiva da lei de responsabilidade fiscal [analysis of the online publication of instruments of fiscal management transparency of the cities in Mato Grosso from the perspective of the fiscal responsibility act]	Accounting as an information tool.	To discuss the level of papers addressing instruments of fiscal management transparency made available online to the population by the cities in the State of Mato Grosso as demanded by the Fiscal Responsibility Act.	Descriptive	The cities have not observed legal provisions demanding the publication of accounting statements. In the universe of cities in the state of Mato Grosso that keep a website, only 13% of the legally required reports were published. From the point of view of this channel of communication, transparency between cities and citizens is harmed.
3	Auditoria preventiva pública: indicadores do controle interno governamental [preventive public audit: internal governmental control indicators]	Accounting as an information tool.	To show that preventive audit is a completely innovative view using indicators that optimize Internal Control not only for those under auditing but also for the auditors.	Descriptive	The study enabled understanding regarding Preventive Audit as well as gave opportunity to new procedures with annual planning of Internal Auditing.
4	Avaliação do nível de confiabilidade das informações do relatório de gestão das entidades públicas [assessing level of reliability of information provided in the management report of public entities]	Accounting as an information tool.	To assess the level of reliability of information provided in the Management Report and compare its level of reliability among the public entities assessed.	Bibliographic, documentary research	The level of reliability of information contained in Management Reports developed by public organizations was assessed. Four of these entities presented a moderate level of reliability in the general assessment of performance while the remaining presented a low level of reliability, leading to an unsatisfactory result when considering the total of entities.
5	Controle interno nas prestações de contas do fundo nacional de desenvolvimento da educação (FNDE), apresentadas nas ressalvas dos relatórios de gestão [internal control in the accountability of the national fund for the development of education (FNDE) presented in the observations of management reports]	Accounting as an information tool.	To show the need of technical competencies and social skills of human capital represented by the employee in the internal control function, in a preventive posture to anticipate failures and irregularities in administrative processes in order to introduce measures that impede recurrences, establish responsibilities in situations in which inaccuracies are identified and, whenever necessary, promote the implementation of sanctions provided in law.	Bibliographic, documentary research	There are failures in the assessment of quantitative and qualitative management results; failures in the presentation of indicators concerning efficiency, efficacy and effectiveness; failure in the formalization of agreements; technological deficiencies that hinder the approval of agreements; and failure in the establishment of Special Rendering of Accounts.
6	Custos na área pública: aplicação em laboratório de análises clínicas [costs in the public field: application in a clinical analysis laboratory]	Accounting to support decision-making.	To determine the costs of a Laboratory of Clinical Analyzes in the city of Itapiranga, SC, Brazil	Documentary research	After identifying all costs, the unitary cost of each exam was established. Based on unitary costs, the total cost of the exams performed in May 2009 was established. The unitary cost of exams was compared with the prices of private laboratories. In all cases, the prices of exams were higher than the cost identified. The conclusion therefore was that maintaining a laboratory enables better use of public resources if we compare the expenses that would be generated by using the services of a private laboratory.
7	Execução orçamentária e financeira e a lei de responsabilidade fiscal [budget execution and financial implementation of fiscal responsibility]	Accounting as an information tool.	The importance of the financial manager with the advent of the Fiscal Responsibility Act.	Documentary, bibliographic research	The budget should not be only a guiding piece, but a means to planning government actions in terms of spending intentions based on the estimate of income.
8	Gestão financeira de empresas públicas de economia mista [financial management of public enterprises of mixed capital]	Accounting as an information tool.	Accounting as an information tool.	Descriptive	According to data presented in this study, with the exception of BHTRANS, all the remaining entities are in a delicate situation in terms of liquidity. They fall into a high-risk profile, revealing imbalance of financial resources in comparison to assets. The fact is that all of them depend on monetary funds transferred as economic subsidies or capital contributions.

9	Governança corporativa e sua influência na gestão da qualidade [corporate governance and its influence on quality management]	Accounting as an information tool.	To address the theme Corporate Governance in which Total Management Quality is intrinsic and to present a view of governance for the 21 <sup>st</sup> century.	Documentary research	Ensuring transparency is important because it shows respect to investors and agrees with an investment culture. Information is a valuable asset and scarce by definition. Hence, it is necessary to create incentive mechanisms to disclosing more information to investors, creating an investment environment in which credit permeates the actions of executives.
10	Internet financial reporting no setor público - um contributo ao desenvolvimento de um quadro teórico abrangente [internet financial reporting in the public sector – a contribution to the development of a comprehensive theoretical framework]	Accounting as an information tool.	To contribute to the development of a theoretical framework that helps interpreting internet financial reporting practices of public entities.	Descriptive	Despite limitations, this study is expected to contribute to a deeper theoretical understanding of Internet Financial Reporting both in the public and private sectors.
11	New public management and functional illiteracy: an analysis in perspective of users of information	Accounting as an information tool.	To test the relationship between functional illiteracy and the degree of information disclosure that helps social control.	Exploratory research	Limited understanding (functional illiteracy) on the part of the population potentially decreases pressure for optimizing a public entity's performance. In such a scenario, even when information is made available, it is underutilized by the population, which prevents proper judgment of the efficacy and efficiency of public management as it harms (impoverishes) the process of demand and use of information, and consequently the follow-up of public management performance.
12	O alinhamento estratégico na administração pública: percepção dos gestores da Sefaz-AM [strategic alignment in public administration: perception of Sefaz-AM 's managers]	Accounting to support decision-making.	To analyze the maturity of strategic alignment of the Department of Finance of the State of Amazonas (Sefaz/AM) with regard to its activities and process from the perspective of its managers.	Descriptive	The results show that the managers from the Sefaz/AM perceive there is weak alignment with criteria concerning Communication, Governance, and Skills with maturity level being between "very low" and "low". The criteria of Competencies/ Values, Partnerships and Structure/ Architecture present a level of maturity of strategic alignment between "low" and "moderate".
13	Reflexos da lei de responsabilidade fiscal nas contas públicas: um estudo do município de Teófilo Otoni [reflections of the fiscal responsibility act on public accounts: a study in the city of Teófilo Otoni]	Accounting as an information tool.	To analyze the reflects of the Fiscal Responsibility Act in the management of the public accounts of the city Teófilo Otoni (MG), from 1999 to 2005, highlighting the limits established by the law in regard to spending with personnel, health and education. The authors also intended to assess the public debt control goals to verify whether the city was following the rules and restrictions established by law. The law leads to a more transparent, responsible and balanced public administration.	Descriptive and bibliographic	The Fiscal Responsibility Act rescued the public budget as part of planning and control. The budget in the city of Teófilo Otoni, which was previously seen as a mere inventory, became the government's fiscal policy tool after the Fiscal Responsibility Act, serving as the process through which one develops, expresses, runs, and assesses the extent to which government programs are being implemented.
14	Restos a pagar - uma análise sobre o comprometimento da evidenciação das despesas públicas considerando a característica quantitativa da essência sobre a forma [accounts payable – an analysis on how disclosure of public expenditure is compromised considering the quantitative characteristic of essence over form]	Accounting as an information tool.	To show the importance of the qualitative characteristic of essence over the form through which public accounting provides information.	Documentary research	The results confirmed there is an important relationship between committed expenditures and cancelled accounts payable. The difference between committed expenditures showed in the balanced budget and expenditures considered real in this study (subtracting committed expenditure and cancelled provisional service invoices) is considerable, especially for the two last years under analysis; a result that is confirmed by statistical tests. Additionally, there is no statistically significant relationship between paid expenses and cancelled accounts payable. This results show that most of the paid expenses presented in the financial and balance sheet is effectively incurred expenses, that is, financial commitments due to accounts payable are not substantially influenced.

15	Sistema de gestão permite reduzir custos de empresa [management system allows reducing company's costs]	Accounting to support decision-making.	To explain a cost system that enables providing information for decision-making as well as planning and controlling costs associated with the added value in order to achieve a level of quality that meets the needs of clients and at the same time optimizes the economic value of products and services.		Traditional cost systems do not usually provide clear and transparent information to managers. The information system based on activities, however, shows the cost of product with greater accuracy since it identifies the activities associated with it.
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Table 2: Selected texts by integrative review.

published from 2000 to 2015, available online. Then 647 texts were excluded due to absence of adherence to the theme mentioned in this study. Therefore, 15 texts make up the analysis corpus and are listed in Table 2. From the 15 texts, 80% addressed the financial accounting, in different aspects, and 20% dealt with the managerial approach to accounting.

## Discussion

As presented in Table 2, 80% of the papers (12) address financial accounting mainly focusing on accountability and public transparency. Such a concern strongly reflects the Fiscal Responsibility Act presented to the National Congress and approved in May 2000 [6]. The proposal was inspired in the Fiscal Responsibility Act amended in June 1994 by New Zealand, a country that established a successful fiscal adjustment. Such a proposal was supported on four main axes: planning, transparency, control and accountability, affecting not only fiscal results but also the way public finances were managed. The main goals of the Fiscal Responsibility Act include: prevention of deficits; limited public debt; preservation of public assets; limited public expenditure; administration of fiscal risks; and full access of society to information concerning public accounts. The success of the Fiscal Responsibility Act is based on a tripod: control of public expenditure, manager's accountability, and transparency to the public.

As stated by Piancastelli and Boueri, the Fiscal Responsibility Act is an important advancement in the financial management of resources, establishing maximum level of debt and expenditure on personnel, however, for the benefit of the population, such restrictions matter less than the final efficiency of expenses. It is important not only that expenditure is implemented with administrative honesty and fiscal responsibility, but also that expenditure promotes the desired benefits. These authors also state that it is prudent that the Fiscal Responsibility Act also advance to make public expenditure not only transparent but

also efficient and efficacious. In this aspect, managerial accountability would show its potential and utility to public management.

Of the 15 papers selected, only 20% (three papers) address managerial accountability to project the future and support decision-making. Even though various accountability tools available in the Science of Accountancy could be used in the public sphere, their use is limited in the papers assessed, which are basically restricted to cost systems. There is either a lack or deficient use of managerial accountability in strategies and Strategic Planning of public organizations. A fact corroborated by Lindblom, who states that "the formulation of public policy is not a clear, ordered and controlled process; rather it is confusing, in which those responsible for establishing policies try to deal with a world they know is too complicated for them".

## Conclusion

Accountancy, according to the papers published by RBC is seen as a tool to report public accounts guided by the Fiscal Responsibility Act. The managerial approach was underutilized, a fact that is potentially related to government policies, cultural aspects, and a lack of commitment with the efficient and efficacious use of public funds.

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