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To cite this article: Natalia Aversano, Johan Christiaens & Tine Van Thielen (2019) Does IPSAS Meet Heritage Assets' User Needs?, *International Journal of Public Administration*, 42:4, 279-288, DOI: [10.1080/01900692.2018.1433205](https://doi.org/10.1080/01900692.2018.1433205)

To link to this article: <https://doi.org/10.1080/01900692.2018.1433205>



Published online: 01 Feb 2018.



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Does IPSAS Meet Heritage Assets' User Needs?

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ABSTRACT

Public organizations need to custody and protect *heritage assets*. This article questions the appropriateness and quality of the unique International Public Sector Accounting Standards (IPSASs) in delivering financial reports that meet the user needs in regard to heritage assets. By refining the earlier findings in Italian local governments with data from a completely different region being Flanders, the results highlight that the IPSASs are lacking an important area of expectations from a relevant user need perspective, being the local ruling politicians. Finally, current article improves previous publication by examining the different kinds of responses in the light of certain municipal characteristics.

List of abbreviations

IFRS: International Financial Reporting Standards IPSASs: International Public Sector Accounting Standards IPSASB: International Public Sector Accounting Standards Boards UNESCO: United Nations Educational, Scientific and Cultural Organization

KEYWORDS

Comparative research; heritage assets; IPSAS; local government; user needs

Introduction

European public sector accounting systems are affected by changes converged toward the search for a uniform accounting behavior in order to homogenize—both at national and international levels—the language of the financial statements of public entities (Adam, Mussari, & Jones, 2011; Caperchione & Lapsley, 2011; Jorge, Jesus, & Laureano, 2016; Soverchia, 2010). The convergence process in accounting practices aims to satisfy the information needs of different kinds of stakeholders as well as making financial statements comparable, transparent, and useful (Benito, Brusca, & Montesinos, 2007; Liguori, Sicilia, & Steccolini, 2012; Soverchia, 2010). An important element in providing useful information is the accounting treatment and reporting of “heritage assets” (HAs).

Contrary to business-like assets, HAs (e.g., historical buildings, collections, monuments, archeological sites, landscapes, etc.) are special and unique, not only for societal reasons but also to be preserved for the following generations (Bambagiotti-Albert, Manetti, & Sibilio-Parri, 2016). The users of governmental financial reporting, particularly the ruling politicians who set out their policies in the area in which they are authorized, are socially, culturally, and emotionally interested

in these assets rather than in their functional use only (Christiaens, Rommel, Barton, & Everaert, 2012).

However, studies have shown how financial reports often result in a gap between what is reported in the governmental financial statements and what information is needed by the users (Liguori et al., 2012; Paulsson, 2006; Saliterer & Korac, 2014). In order to streamline the different accounting practices in governments, the International Public Sector Accounting Standards Boards (IPSASB) has been established to harmonize the governmental accounting standards (Jorge et al., 2016). Established in 2000, the IPSASB remains the only worldwide standard setter for governments and has developed 40 accrual accounting standards based on the International Financial Reporting Standards (IFRS) for business enterprises. For the financial reporting of property, plant, and equipment that includes HAs, the International Public Sector Accounting Standards (IPSASs) 17 was issued in 2007. However, the question whether this IPSAS 17 standards results in financial reporting that meets the HAs' user needs has not sufficiently been answered yet.

The current study aims to investigate the adequacy and usefulness of IPSAS 17 prescriptions for the reporting of HAs to the user needs of an important

group of stakeholders, being elected politicians (Soverchia, 2010).

The present study aims at investigating to what extent the findings of the previous Italian study that examined how IPSAS 17 responds to the needs of users regarding HAs disclosure (Aversano & Christiaens, 2014) can be generalized and refined by comparison with a different country being Flanders.

The article is structured as follows: the first part provides a background on HAs, the second discusses the users and their information needs, the third illustrates the research question followed by the fourth section explaining the methodology. The remainder is devoted to the analysis, the discussion, and the conclusion.

Previous heritage assets researches

The concept of cultural and artistic heritage has been defined by some supranational organizations and standard setters, resulting in multiple definitions. We conceptualize HAs with the definition of IPSAS 17 “property, plant and equipment.” IPSAS 17 states, “some assets are described as heritage assets because of their cultural, environmental or historical significance,” while also providing some specific examples and characteristics (IPSASB, 2000). The uniqueness of HAs is the difficulty to identify a book value that reflects the cultural, environmental, educational, and historical value of these assets (Carnegie & Wolnizer, 1995; Hooper, Kearins, & Green, 2005). Their value may increase over time (even if their physical condition deteriorates); therefore, it is difficult to estimate the useful life that may be indefinite (Aversano & Christiaens, 2014; Barton, 2005). These issues have created an important debate on the best way of representing HAs in a financial statement. In concern of the accounting treatment, scholars suggested a *holistic approach* for HAs; more specifically, the status of the capital goods, assigned by the authorized government, should determine its accounting treatment. If the capital goods have the status of businesslike assets, the assets should be included on the balance sheet. If they have a societal status (such as merit or collective public goods), the assets should not be included in the balance sheet but should be disclosed and documented in off-balance sheet (Christiaens et al., 2012, p. 440).

Regarding the value to indicate in the balance sheet, international accounting standards look favorably upon a valuation at historical cost or fair value. However, in many cases, HAs cannot be reliably valued in financial terms. Some authors even claim that giving a value to HAs can have profound negative consequences on the

accountability and decision-making process since the decisions are based on wrong or incomplete values (Aversano & Christiaens, 2014; Carnegie & Wolnizer, 1996). Therefore, it has been suggested that the information system should provide more descriptive information, e.g., the nature and characteristics of the HAs owned, their physical condition, etc. (Barton, 2000). These studies reveal the controversial subject of the financial reporting on HAs, and thus, one can question the appropriateness of the accounting standard IPSAS 17 regulating the financial reporting of HAs.

Apart from studies that focus on different characteristics and functions of HAs, there are some publications dealing with the accounting treatment of HAs. A few studies go further and examine certain users being stakeholders and their expectations regarding governmental financial reporting. However, there is lack of research in which accounting standards are tested with respect to user needs (Aversano, Sannino, & Tartaglia Polcini, 2015), specifically for heritage accounting prescriptions included in the IPSAS 17 standard. It should be pointed out that the presence of that specific standard does not automatically lead to an effective and successful use by policy makers.

The current contribution is neither an exploratory nor a normative study of how heritage items should be accounted for, i.e., when and how they should be recognized, valued, disclosed in the financial statements. Neither does this study examine the consequences of disclosing HAs in the financial reporting to politicians or other stakeholders. The article concentrates on the qualities of IPSAS 17 in the domain of HAs and to what extent the requirements of IPSAS 17 respond to the user needs of elected politicians about HAs. As such, it is an important checkup and refinement of a previous study that only examined IPSAS in one country (Aversano & Christiaens, 2014).

Users and their information needs

Several public sector studies have investigated different types of users and their information needs (Jones, Scott, Kimbro, & Ingram, 1985; Mack & Ryan, 2006; Steccolini, 2004; Walker, Dean, & Edwards, 2004). Within this wide range of user groups (e.g., citizens, financial institutions), a great majority of authors consider politicians to be the most important users group (Anessi Pessina, Nasi, & Steccolini, 2008; Mack & Ryan, 2006; Saliterer & Korac, 2014; Steccolini, 2004).

Politicians are partly external users because they have no influence on producing financial statements and partly internal because they have an influence on the management that is reported in the financial

statements. Several studies have investigated the use by politicians of accounting information (Liguori et al., 2012; Ter Bogt, 2004) and the politicians' perspectives of the importance of these information (Liguori et al., 2012; Van Helden, 2016). The type of accounting information used by politicians depends upon the interplay of two groups of variables (Van Helden, Argento, Caperchione, & Caruana, 2016).

The first group of variables is represented by the context in which accounting information is used. For example, the politicians' use of accounting information depends by the level of conflict over decisions (Giacomini, Sicilia, & Steccolini, 2016). In fact, when the political conflict over decisions is low (typically in local governments), the use of financial and nonfinancial information is minimal. On the contrary, when the political conflict over decisions increases, the quantity and diversity of both financial and nonfinancial information are intensely used for decision-making purpose and for attracting the public's attention.

The second group of variables refers to the individual characteristics of politicians, such as suffering from information overload or the fact that they have not been trained as financial experts, which hinder accounting information use (Van Helden, 2016).

According to the IPSASB Conceptual Framework (Biondi & Lapsley, 2014, par. 2.3–2.4), service recipients, providers of resources, and their representatives are considered primary users of General Purpose Financial Statements (GPFS). The resource providers are divided into voluntary (e.g., landers, donor agencies) and involuntary (e.g., taxpayers), with these users being interested in information about the use of the assets for accountability and decision-making purposes. The category of their representatives includes the legislator (or similar) and members of representative agencies, representing the interests of service recipients and resource providers (IPSASB, 2014).

Moreover, as a consequence of the global financial crisis, it has become extremely relevant for the overlooking bodies (and citizens) to detect the financial performance of local governments (Caperchione & Mussari, 2000; Cohen, Doumpos, Neofytou, & Zopounidis, 2012).

Therefore, particular importance has been given to the need of politicians' accountability (Bakar & Ismail, 2011; Liguori et al., 2012; Sinclair, 1995; Ter Bogt, 2004). According to many authors (Aversano & Christiaens, 2014; Jones et al., 1985; Mack & Ryan, 2004; Steccolini, 2004; Walker et al., 2004), the ruling politicians (e.g., mayor and aldermen in a local government) represent one of the most concerned users of governmental financial reporting. They use this

statement mainly for communicating to the citizens/voters how the monetary resources provided by them have been used (public accountability reasons) (Sinclair, 1995) as well as any future decisions about the activities (decision-making reasons) (Walker et al., 2004).

Politicians, to whom citizens have delegated the power to manage the public assets, have a duty to respond to the results of their activities demonstrating the "value" generated (or possibly destroyed) from the activities carried out (Carnegie & Wolnizer, 1995; Mautz, 1988).

Concerning the information needs, several studies have paid attention to users' information needs (Becker, Jagalla, & Skærbæk, 2014; Nogueira, Margarida, Jorge, & Cervera Oliver, 2013), and a core set of information needs common to the majority of stakeholders can be identified.

In addition to these common information needs, the management of HAs necessitates additional disclosures related to their specific features. In particular, the users are interested also in descriptive information, such as nonfinancial information relating to the objectives of entities holding the assets, the nature and characteristics of the HAs owned, their physical condition and maintenance, and measures of performance as the number of visitors (Mack & Ryan, 2006; Micallef & Peirson, 1997).

Research question

IPSASs adoption and importance has been studied by multiple scholars and from different approaches (e.g., Christiaens, Vanhee, Manes Rossi, Aversano, & Van Cauwenberge, 2015; Jorge et al., 2016; Manes Rossi, Aversano, & Christiaens, 2014); this study contributes to the literature by examining the adequacy and usefulness of IPSAS 17 prescriptions in relation to the reporting of HAs to the user needs of the responsible politicians.

In order to check the robustness of earlier findings only in Italian local governments (Aversano & Christiaens, 2014), this article reexamines earlier findings by investigating to what extent the information needs are accomplished by the IPSAS 17 requirements in another setting and area, being Flemish local governments

Therefore, the research question is the following:

To what extent can the previous findings based on the needs of Italian local politicians regarding heritage assets in governmental financial reports as prescribed by IPSAS 17 be validated and generalized by analyzing the needs of local politicians of a different country?

The choice fell on Flanders because, on the one hand, Flanders being a part of Belgium also belongs to the EU with similar characteristics regarding accounting systems (Benito et al., 2007; Pina, Torres, & Yetano, 2009). On the other hand, Belgium is a federally organized country with regions and has a different historic background (Pina et al., 2009, p. 771).

Since IPSASs are supposed to generate the same answer for the same user needs, the following hypothesis can be formulated:

Similarly as for Italian mayors and Aldermen user needs about heritage assets, IPSAS 17 does not accomplish the Flemish user needs of mayors and Aldermen.

In order to test this hypothesis, a list of the information needs of users has been developed based on previous research.

Methodology

A survey of 308 Flemish local governments was carried out by sending a questionnaire to the elected mayors and relevant aldermen, i.e., aldermen of culture and heritage who are appointed by the overall council. The analysis focuses on local governments because they have an important role in the management and delivery of public services (Lapsley, Mussari, & Paulsson, 2009). All Flemish municipalities have a mayor (elected directly by the population), a cabinet, a city council, and a professional bureaucracy.

Data were collected through a questionnaire sent to the Flemish mayors and aldermen. The list of the information needs (items) from the point of view of the mayor and aldermen as shown in Table 1 was created based on various user need research publications and the requirements of IPSAS 17. Table 1 summarizes whether the items are required only by IPSAS 17, only by the user need research, or both.

Except for valuation also because of their limited number of items, the required information by IPSAS 17 differs strongly with the information needs of the mayors and aldermen as indicated in user need studies (Aversano & Christiaens, 2014).

The information needs (items) regarding HAs from the point of view of the mayor and aldermen were included in the questionnaires sent to the Flemish local governments. In accordance to the research question, the questionnaire contained different questions, asking the level of importance of specific issues of reporting of HAs as well as the perception to what extent their information needs were met.

The individual averages of all the items are compared to understand which items significantly

contribute to the usefulness for politicians. The items with an average importance of at least 3.5 were considered useful because these values express the highest degree of importance (Aversano & Christiaens, 2014; Nogueira et al., 2013). Focusing on the items of at least 3.5, the percentage of satisfaction and dissatisfaction of the user needs by IPSAS 17 was calculated and compared. The percentage of satisfaction stands for the number of items required by IPSAS 17 in relation to the total items. The ratio of items not required by IPSAS 17 highlights the percentage of dissatisfaction.

Data analysis

The analysis is based on 274 municipalities that responded to the questionnaire: 144 of Flanders (response rate 47%). This response rate is sufficient when compared to related research (Jones et al. (1985)—10%; Mack and Ryan (2004)—24.6%; Priest, Ng, and Dolley (1999)—19%).

According to the Italian mayors and aldermen, the disclosed HAs information is important and their given average rate of importance was 4.3. The average rate of 3.8 given by the Flemish respondents was less, but still significantly higher than the cutoff value of 3.5. This highlights that even the Flemish mayors and aldermen find information about HAs to be important enough to insert it into the general financial reports.

The percentage of satisfaction of the user needs by IPSAS 17

After listing the specific information about HAs (items) according to the degree of importance by the Italian municipalities, the items with an average importance of at least 3.5 are the first 21 items shown in Table 2. Next to these results, the average importance of the items given by the Flemish councils is listed.

Table 2 reveals how both the Italian as well as the Flemish politicians prefer many reporting items that are not required by IPSAS 17. Apparently, the 10 items defined by IPSAS 17 score the lowest levels of importance. In addition, the Flemish results are similar to the Italian ones and can be regarded as a confirmation despite certain cultural and administrative differences. This probably explains the slightly different opinion expressed by the Flemish respondents. Comparing the results in terms of a Spearman correlation test, there is a significant moderately positive correlation ($\rho = 0.49$, $p = 0.01$) between the Italian and Flemish needs for information about HAs. In general, Italian politicians have a higher average score for most

Table 1. The list of the information needs useful for the politicians by user need studies and IPSAS 17.

Items	IPSAS 17	User needs studies	Reference
(1) Valuation			
Financial value	X	X	Lee and Fisherb (2004)
Measurement based of financial value	X	X	Lee and Fisherb (2004)
(2) Disclosure information			
The net exchange differences	X	–	Hay and Antonio (1990)
Useful life of assets	X	–	Mayston (1992)
Depreciation method used	X	–	Mayston (1992)
Depreciation value	X	–	Mayston (1992)
Revaluation method used	X	–	Barth and Clinch (1998)
Date of the revaluation	X	–	Barth and Clinch (1998)
Changes in valuation criteria	X	–	Trenholm and Arcelus (1989)
Custody costs	–	X	Barker (2006)
Information about allocation and uses of financial resources	–	X	Robbins (1984)
Cost of the conservation, restoration, and maintenance of the HAs	–	X	Grefe (2004)
(3) Narrative information			
The estimated costs of dismantling, removing or restoring items of HAs	X	–	IPSAS 17
The temporarily idle HAs	X	–	IPSAS 17
The value of the HAs retired from active use and held for disposal	X	–	IPSAS 17
Restrictions on the HAs	X	–	IPSAS 17
Overview of entities operations (acquisitions through entity combinations, contract commitment for the acquisition of the HAs)	X	X	Mack and Ryan (2006)
Physical condition of the HAs	–	X	Barton (2000)
Event after financial statement date	–	X	Robbins (1984)
Description of the HAs	–	X	Robbins (1984)
Identification of the funding sources for acquisitions (e.g., government grants, cash donations, donated assets, utilization of existing cash resources)	–	X	IPSASB (2006)
Policies for the conservation, restoration and maintenance of the HAs	–	X	Grefe (2004)
(4) Performance information			
Performance indicators	–	X	Mack and Ryan (2006)
Budget vs. Actual information	–	X	Mack and Ryan (2006)
Compare the results with the previous years' results	–	X	Mack and Ryan (2006)
A 5-year financial summary of activity (including acquisitions and disposals of HA)	–	X	IPSASB (2006)

HA: Heritage assets.

of the items. The Flemish results are slightly lower and show only a few contrasting results.

Based on the outcomes, in Flanders, as in Italy, the percentage of dissatisfaction (57.1%) is higher than the percentage of satisfaction (42.9%); this means that the majority of the items considered important for Flemish politicians are not required by IPSAS 17 (Table 3). As a matter of fact, the Flemish findings appear to confirm the earlier Italian findings, in that the adoption of IPSAS 17 does not satisfy the majority of user needs regarding heritage reporting.

The differing levels of satisfaction between both countries could be explained by different reasons, whereas both countries currently have similar accrual oriented accounting systems and therefore have a certain degree of homogeneity in the way they present financial statements (Benito et al., 2007; Manes Rossi et al., 2014; Pina et al., 2009). In Italy, the process of internal harmonization and the introduction of the so-called reinforced modified cash basis at local governments (Manes Rossi, 2015; Soverchia, 2010) started only recently, whereas in Flanders, movement toward more accrual based reporting occurred earlier (Christiaens, 2004).

This could explain the more critical point of view of the Flemish politicians. The higher dissatisfaction rate in Flanders is also due to a more general dissatisfaction regarding accounting reforms, which also costs effort and expenses that politicians try to avoid. For example, one respondent states that “the new guidelines are absolutely not desirable and they even work against the transparency of information” (respondent A). Another respondent made the same remark: “the new accounting reform is already too complicated. Make it more simple and transparent as a whole, the more divisions the more confusing” (respondent B).

Being critical, it is possible to argue that the answers of the respondents could be influenced by the differing characteristics of the city they represent, such as the size, the cultural importance, and the financial health of the municipality. To test for the influence of the size on the responses, the numbers of inhabitants were considered in three categories (*small*, *medium*, and *large municipalities*). Second, it was analyzed whether the volume of HAs present in a municipality influences the need for information. Therefore, the presence of world heritage based on the UNESCO¹ list was looked for, along with the presence of museums and three

¹www.unesco.org.

Table 2. The specific information about heritage assets (items) with an average of importance of at least 3.5.

No.	Group	Items	IPSAS 17	User needs researches	Average importance Italian councils	Average importance Flemish councils
1	DI	Cost of the preservation, conservation, restoration, maintenance of the HAs	–	X	4.6	4.2
2	NI	Identification of the funding sources for acquisitions (e.g., government grants, cash donations, donated assets, and utilization of existing cash resources)	–	X	4.4	4.1
3	DI	Information about allocation and uses of financial resources	–	X	4.3	3.9
4	NI	Description of the HAs	–	X	4.2	3.8
5	NI	Policies for the preservation, conservation, restoration, and maintenance of the HAs	–	X	4.2	3.8
6	DI	Custody costs	–	X	4.2	4.0
7	NI	Physical condition of the HAs	–	X	4.1	3.5
8	PI	Comparison between the current results and those of the previous years	–	X	4.0	4.0
9	PI	Performance indicators	–	X	4.0	3.6
10	PI	Budget vs. actual information	–	X	4.0	4.2
11	PI	A 5-year financial summary of activity (including acquisitions and disposals of HAs)	–	X	4.0	3.7
12	VAL	Financial value	X	X	3.9	3.3
13	NI	Overview of entities operations (acquisitions through entity combinations, contract commitment for the acquisition of the HAs)	X	X	3.9	3.9
14	DI	Useful lives of assets	X	–	3.8	3.0
15	NI	The estimated costs of dismantling, removing, or restoring items of HAs	X	–	3.7	4.3
16	NI	Restrictions on the HAs	X	–	3.7	3.7
17	VAL	Measurement based of financial value	X	X	3.6	3.3
18	NI	Event after financial statement date	–	X	3.6	3.9
19	DI	Depreciation method used	X	–	3.6	3.0
20	NI	The temporarily idle HAs	X	–	3.5	4.0
21	DI	Date of the revaluation	X	–	3.5	3.3
22	DI	Depreciation value	X	–	3.4	3.0
23	DI	Revaluation method used	X	–	3.4	3.0
24	DI	Changes in valuation criteria	X	–	3.3	3.3
25	NI	The value of the heritage asset retired from active use and held for disposal	X	–	3.3	3.9

HA: Heritage assets.

In the second column of the table, VAL stands for valuation; DI: disclosure information; NI: narrative information; PI: performance information; the fourth and fifth columns show whether the items are required only by IPSAS 17 (in bold), whether they are required only by user need researches (in italics) or are required by both (bold + italics); the sixth column shows the average importance of each item for the Italian and Flemish councils.

Table 3. The percentage of satisfaction and dissatisfaction of the Flemish politicians' information needs by IPSAS 17.

	No. of items	Percentage of each class (%)	Percentage of satisfaction (sum class 1 + 2) (%)	Percentage of dissatisfaction (class 3) (%)
Class				
Items by IPSAS 17 and user needs researches	1	5.9		
Items only by IPSAS 17	4	23.5	29.4	
Items only by user needs researches	12	70.6		70.6
Total	17	100	29.4	70.6

IPSAS: International Public Sector Accounting Standard. The fourth and fifth columns evidence the percentage of satisfaction and the percentage of dissatisfaction of the user needs by IPSAS 17 respectively. The first percentage considers the items which are important for the users and which are also required by IPSAS 17; on the contrary, the second percentage considers the items important for the users that are not required by IPSAS 17.

categories: *low cultural importance* (no museums and no heritage on the UNESCO list), *medium cultural importance* (if there was the presence of one of the two criteria), and *high cultural importance* (if both were represented in the municipality). Finally, in order to investigate whether the financial health influenced the responses, the current ratios of the municipalities were collected and the results divided into three categories (*low*, *medium*, and *high*). To study the differences for each criterion, an ANOVA test was carried out; if the assumption of homogeneity of variance was violated, a Welch test was used).

In order to detect possible contextual influences affecting the results, some additional analyses were

carried out. For local governments in both countries, only a few aspects are influenced by contextual characteristics.

The financial health of the municipality shows to have the biggest influence on information needs in Flanders, but none in Italy. For the Flemish municipalities with a less “well” financial health, custody costs, estimated costs of dismantling, an overview of entities operations, performance indicators, and a 5-year financial summary are the important aspects to know. In relation to the size of the municipality, only the depreciation value has a different level of importance for bigger municipalities in Flanders. In Italy, information of the useful lives of the assets was more interesting for

bigger municipalities and the date of revaluation was found to be more interesting for small municipalities. Regarding the influence of the presence of HAs, only a financial summary over 5 years is considered more important for a municipality with more HAs than others in Flanders, but in Italy, this characteristic appears to be more important. Where there is a high presence of HAs, information such as the costs of custody and preservation, but also descriptions, policies, and identification information, is considered important. We assume that this is probably due to the somewhat higher importance of HAs in Italy (Bambagiotti-Albert et al., 2016) in respect of Flanders. When looking at an explanation why IPSAS 17 lacks a number of regulations and prescriptions that are expected by the users, one could argue that their businesslike accounting background is the main reason. The IPSASB mainly consists of accountants for business accounting and they are not familiar with politicians' needs not with HAs being a specific governmental issue. Moreover, the IPSASs first developed in 2000 are strongly inspired by the existing IFRS standards for business accounting. Furthermore, among the IPSASB members, there appear to be different points of view regarding standard setting regulations for governmental heritage; some of them do not agree in valuing monetarily and disclosing heritage items, others think about a symbolic value of one currency unit, whereas a majority considers heritage just as assets like any other business asset.

Discussion and conclusions

The present study aimed at investigating to what extent the findings of the previous Italian study that examined how IPSAS 17 responds to the needs of users regarding HAs disclosure can be generalized and refined by retesting the IPSAS 17's requirements in a different country being Flanders.

In addition to earlier findings in concern of the usefulness and ease of use of IPSASs for governments (e.g., Jorge et al., 2016), the empirical results of the survey highlighted that IPSAS 17 does not sufficiently correspond to the needs of the politicians. Moreover, IPSAS 17 responds to the user needs about HAs for a less important part of Italian and Flemish local governments. Hence, if IPSAS 17 is used as a benchmark when changing the financial reports, this will not be in line with the needs of the main user group, e.g., politicians, regarding HAs.

The findings also highlight how the politicians are interested in finding adequate information about HAs in the governmental financial reports. These

information needs are oriented toward achieving and maintaining the popular consensus, interpreting the needs of the community, and trying to satisfy them (Bovaird & Löffler, 2003; Osborne, 2010).

Even if the Flemish politicians' evaluation is less enthusiastic, the findings confirm that Italian and Flemish politicians present similar results both in terms of information requested and reasons for these information needs. In fact, both Italian and Flemish politicians are mainly interested in the cost of preserving HAs, identifying the funding sources to buy them as well as information about the allocation and uses of financial resources. The reasons why financial reports are used in relation to HAs are for financial and public accountability reasons. This can be explained by the fact that the aldermen are not the direct supervisors of these public organizations (Ter Bogt, 2004).

An additional contribution of this study is the inclusion of municipalities' characteristics when analyzing the need for information about HAs. Regarding the factors that can influence the request of information by politicians, it appears that in Flanders, the financial health of the municipality has the largest influence on the need for specific relevant information (such as custody costs, HAs held for disposal, the operations of entities, performance indicators, the financial summary over 5 years, etc.).

Moreover, these information needs often clash with the accounting problems of HAs. In relation to this gap, the article confirms that narrative information is appreciated by politicians (Ter Bogt, 2004), such as the identification of the funding sources for acquisitions; a description of HAs; or the policies for preservation, conservation, restoration, and maintenance of the HAs. However, also numeric accounting information is considered interesting, such as the costs of the preservation, the allocation and uses of financial resources, or the custody costs. Remarkably, performance information is considered useful, but not that significant as some other forms of narrative or disclosure information. This contradicts some previous studies that looked at performance information in general (e.g., Ter Bogt, 2004). In particular, regarding the information to be produced in the governmental financial reporting, there are often regulations which simply transpose concepts and methods from the private sector to the assets of the public sector (Liguori et al., 2012), without considering most of the specific characteristics of the HAs (Stanton & Stanton, 1997). This confirms the gap between the available and actual use of information, as indicated by many scholars (e.g., Liguori et al., 2012; Paulsson, 2006; Saliterer & Korac, 2014). The case on HAs represents an extreme case of accounting difficulty (Biondi & Lapsley, 2014). Typical for HAs, the rules and behaviors, with particular reference to the evaluation

aspects, do not comply with the features of uniqueness and nonrepeatability; therefore, the inclusion of more narrative information is considered useful.

Up to now, the IPSAS 17 has been neither amended nor has a new standard been issued. If municipalities voluntarily contribute to the IPSAS 17 regarding HAs, they will be obliged to collect useless information relating to HAs, which is not without costs. However, the implementation of the IPSAS 17 in the Italian and Flemish governments should take into consideration the more general problem that IPSASs are based on accrual accounting, while in the two countries analyzed, the cash-based budgetary accounting system still has an important role (Jorge et al., 2016).

Notes on contributors

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