

CALL FOR CHAPTER PROPOSALS

DEADLINE TO SUBMIT ABSTRACT EXTENDED TO 30TH JANUARY 2021

Book Series Title: Public Sector Financial Management

Book Series Publisher: **Palgrave Macmillan**

Book title:

Public sector accounting, financial accountability and viability in times of a pandemic crisis

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1. Introduction

The world is experiencing the COVID-19 pandemic, which is causing unprecedented effects on the daily routines of citizens and their health conditions with unparalleled and unpredictable financial consequences for the national economies. Health expenditures and funding the health system have leaped to the top of the priority list for delivering services and protecting citizens. This is evident in many countries, but is perhaps more notable in the less-developed countries. Government expenditures in the health sector would protect both the vulnerable citizens, and also the workforce, which, after all, are the motor of any country's economy. The Government's focus then turns on measures that are required in order to maintain a decent standard of living and to sustain the economy. Concessionary loans, cash transfers, tax reliefs, unemployment allowance and insurance, subsidies, and other social benefits to individuals, families and enterprises, are measures undertaken by governments around the world to fight the effects of the pandemic on livelihoods. Banks and the finance sector have an important role in helping governments to implement these measures providing the necessary liquidity and guarantees to all the economic sectors (IMF, 2020a; 2020b; Public Finance, 2020).

In this situation, transparency and accountability mechanisms for accounting and reporting of all these measures become very important (IMF, 2020b). Besides the requirement for governments to properly account to their citizens on the cost of these measures and how they are being funded, such information becomes fundamental to enable policymakers to make informed decisions – decisions that would sustain public finance and, at a global level, allow the world economy to recover from the symmetrical shocks it is experiencing (Accountancy Europe, 2020).

Studies and research to understand and analyze the effects of these one-off measures are much needed to learn lessons. Due to the unprecedented expenditures that may strain government borrowing, the compilation and use of balance sheet information becomes now more relevant than ever. Furthermore, performance management frameworks should be developed to provide

performance indicators for all the implemented measures, and to carry out a cost-benefit analysis of these measures (IMF, 2020b).

In this context, this book aims to elicit contributions from researchers from European and non-European Countries in order to study in depth three main areas of interest, namely:

- (i) How to account for COVID-specific schemes launched by governments;
- (ii) How to better use public accounting for managing the damaged public finances once the pandemic is over; and
- (iii) How disclosures can improve transparency in times of pandemic crisis, especially regarding the long-term financial sustainability of government finances for intergenerational equity.

The main objective of this book is to build up a body of research focusing on the analysis and the synthesis of the bundle of COVID-19 measures in all the relevant dimensions and in several types of public sector organizations that can increase the knowledge in the field. The studies can target different levels of government (that is, central, regional and local governments), and various public sector entities (for example, public hospitals and public universities, schools, etc.). The selection of these different types of public sector organizations is based on their role and importance in the COVID-19 package of measures. They are also the main service providers to citizens and consume a large proportion of the general government budget.

The book will thus investigate whether accounting guidance exists in the main areas above identified (that is, grants, loans, guarantees, equity purchases). Where it exists, accounting guidance shall be analysed and the gaps filled with comparative examples from European and non-European Countries.

Although many of the recommended themes for book chapters are derived from arguments that carried weight in the sovereign debt crises (2008-12), it appears that the pandemic crisis is more complex and a major uncertainty on the future sustainability of public finance has been introduced in the global economic systems. Notwithstanding the improvement over the past years, the discussion is still open on how to improve transparency and accountability in public finance.

The research is both timely and relevant. The research will highlight the importance of good accounting for good public financial management when public finances are in bad shape. Furthermore, this book encourages inter-disciplinary research through collaboration of accountancy, economics, statistics and public administration (Caruana et al., 2019), so that the issues highlighted are tackled holistically.

References:

Accountancy Europe (2020) Coronavirus crisis: implications on reporting and auditing 20 March 2020 available from <https://www.accountancyeurope.eu/publications/coronavirus-crisis-country-responses-to-the-implications-on-reporting/>

Caruana, J., Dabbicco, G., Jorge, S. and Jesus, M.A. (2019). The Development of EPSAS: Contributions from the Literature. *Accounting in Europe*, 16(2), pp. 146-176

IMF (2020a). Government Cash Management Under Fiscal Stress. *Special Series on Fiscal Policies to Respond to COVID-19*. Available from:<https://www.imf.org/en/Publications/SPROLLS/covid19-special-notes>

IMF (2020b). Keeping the Receipts: Transparency, Accountability, and Legitimacy in Emergency Responses. *Special Series on Fiscal Policies to Respond to COVID-19*. Available from:<https://www.imf.org/en/Publications/SPROLLS/covid19-special-notes>

Public Finance (2020) How accounting transparency can help with the tough decisions ahead after Covid-19, by Carruthers, I., 23 Apr 20 available from <https://www.publicfinancefocus.org/viewpoints/2020/04/how-accounting-transparency-can-help-tough-decisions-ahead-after-covid-19>

2. Recommended Topics and Themes

In order to achieve its objective, the chapters in the book should seek to address the following topics:

- From a public sector financial reporting perspective, reactions are expected from standards setters in order to consolidate the reporting of the measures undertaken for the objectives of accountability and decision-making. During 2019, the IPSASB had carried out a public consultation on “Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)”. One of the results of this consultation was that accounting for Emergency Relief was temporarily shelved. It would be opportune to analyse the responses received from the various stakeholders, in order to provide guidance on an issue that has now become so important.
- Existing guidance from IPSAS to account for pandemic crisis effects needs to be examined. Therefore, we elicit contributions on the theme of Presentation of Financial Statements, Cash Flow Statements, and Reporting against Budget Information. Is existing guidance sufficient for accountability and decision making, or does it need to be revised due to the exceptional financial situation being faced by public sector entities?
- A focus on specific issues e.g. related to Contingent Liabilities, Financial Instruments, and Long-Term Financial Sustainability are also needed, to understand if and how the COVID-19 pandemic crisis affect these (and other related) issues.
- The measures taken by governments involve large expenditures, which may have never been experienced before. They would lead governments to borrow at strenuous levels. Thus, the liabilities being borne may be of a unique type and quantity. It would be useful to assess the impact on the public sector balance sheets, where these are compiled.

- The financial effect of the measures being taken by Governments worldwide shall be reflected in the Government Finance Statistics (GFS) for 2020 and beyond. The implication of this for EU member states has particular consequences as the ability of these countries to adhere to the requirements of the Treaties that bind them would be undermined. As a result, the impact on public finances of the suspension of the applicability of the Stability and Growth Pact and mechanism of stability and their revisions, needs to be explored and analysed. This is particularly important since the EU member states are going to be allocated huge budgets to support COVID-19 expenses. One can seriously expect that the EU will demand reports from member states as to how the funds are going to be spent and are actually spent, in order to ensure accountability, transparency and effectiveness.
- Every measure taken by a government is intended to have a ripple effect across the economy. The effectiveness of the measures could be explored by analyzing the performance of COVID-19 expenses in the various sectors of the national economy, including the role of cost accounting in the allocation and spending of funds provided by e.g. a central government to finance COVID-19 efforts and expenditures.
- Since Governments worldwide are taking similar measures to protect their citizens and their economies, it would be useful to take account of such measures, even for comparative purposes. Particularly useful would be the analysis of the potential impact on economic and financial position (and deficit and debt in statistics) of public sector entities by social expenses, grants, concessional debt, etc. and the choice of the policies to account for them. Various financial reporting possibilities can be explored and assessed for their capability of providing useful information and for accountability purposes. Budgeting and financial reporting should be tools that present justification for the interest of future generations of expenses and debts, that is, in terms of long-term sustainability.

3. Intended Audience and Potential Users

This book could be of interest to academics, researchers, policy makers, public managers, international organisations and standard setters who are involved in or are responsible for public sector financial and budgetary reporting of public administrations.

4. Content

We expect to have about 8-12 chapters in this book including an introductory chapter and a concluding chapter prepared by the co-editors. Each chapter would be between 8,000 words, including references.

5. Submission Procedure

This call is open to researchers and practitioners in the field. The planned publication date is in 2021 according to the following time-table:

~~15th January~~

30th January 2021

Chapter proposals (of between 800 and 1,200 words, including references) are submitted.

15th February 2021

Authors are notified of acceptance and chapter guidelines.

15th June 2021:

Full chapters are submitted.

31st July 2021:

Reviewers' comments following a double-blind peer review.

31st October 2021:

Revised Chapter submissions (and response to Reviewers' comments).

Inquiries and submissions can be forwarded to: Giovanna Dabbicco by email on dabbicco@istat.it