Quality of Financial Reporting in Public Sector

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Abstract

Financial accounting information presented in financial statements should keep to strict requirements in order to present a 'true and fair view' of the company. This information must be qualitative both in private and public sectors and should fully answer the needs of users regarding the accounting information. A universal model of financial reporting quality assessment has been created and tested with the case of a Lithuanian public sector's institution. After the accounting reform, the quality of financial reporting in the public sector became higher because the users of information can compare it, make horizontal and vertical analysis, or calculate a number of ratios.

Keywords: public sector, financial reporting, quality of financial reporting, reform.

Introduction

Financial accounting information presented in financial statements should keep to strict requirements in order to present a 'true and fair view' of the company. This information must be qualitative both in private and public sectors and fully answer user needs for the accounting information. The problem is that much attention has been paid to the quality of financial reporting in the private sector, but the public sector has been forgotten.

Despite the economic situation in each country, there are many public sector entities; continuous integration processes encourage collaboration of public and private subjects, so there is a need to harmonize financial statements of a public sector entity in different countries for various information users. They should understand the data provided regardless of their education and knowledge. However, this is not the only problem, because it is important to realize that the information must be of good quality and reasonable. Therefore, it is also important to find out what the quality of information is, what the characteristics that can be identified as qualitative information problems are. It is crucial to find optimal solutions for the improvement as well as give an opportunity to evaluate the quality of the accounting information.

The public sector is the state of services and opportunities for their citizens in the form of performance, as a public good. There are no companies, institutions, and organizations which do not make bookkeeping.

Accounting information provides up to 90 percent of all the economic information, necessary for a business to plan, analyze, manage, and ensure its continuity (Mackevicius, 2004). Hence, the key is to get reliable information so that users can work with it and take advantage of the implementation of certain decisions. Knowing the main users demand, it is needed to focus on key qualitative characteristics and their effects highlighting the accounting quality.

A number of authors (Burch, Strater and Grudnitski, 1976; Anthony, Dearden, 1980; Black, Marchand, 1981; Davis, Olson, 1985; Harvey, Knight, 1996; Mackevicius, 2004; Obaidat, 2007; Tulsian, 2008; Nikolai, Bazley and Jones, 2009; Bukevicius, Zaptorius, 2009; etc.) have analyzed accounting quality theorethically, enumerating qualitative characteristics of information. Less authors (Dew, Gee, 1973; Duffy, Assad, 1989; FASB; Kundeliene, 2009; etc.) have analysed accounting quality empirically researching the importance and weaknesses of the accounting quality and qualitative characteristics. Accounting quality most often has been analyzed in the private sector context. The authors of this research think there is a huge need to create a generalized model of financial reporting quality assessment and to test it on a public sector's example. This has been done by the authors of this reseach.

The aim of the paper *is* to present and test a public sector's model of financial reporting quality assessment.

Research methodology. After the analysis on the quality of financial reporting and the main qualitative characteristics of the accounting information, a public sector model of financial reporting quality assessment was created. It contains both qualitative and quantitative assessment elements. A universal model of financial reporting quality assessment was created deductively. The result part consists of a case study, where qualitative evaluation of financial reporting is analyzed in all Lithuanian public sector institutions and quantitative evaluation is made using an example of one institution. Qualitative and quantitative assesments have been used to evaluate the quality of financial statements.

The paper is structured as follows. In the first part, research theory is presented, with the focus on the definition of accounting quality and qualitative characteristics. The second part presents the creation of the model of financial reporting quality assessment of the public sector. The third part shows research results,

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qualitative analysis of the accounting information quality in the public sector after a reform is provided, and the possibility to make quantitative analysis of financial statements is investigated. Finally, the conclusions are drawn.

1. Analysis of Financial Reporting Quality Characteristics

There is no common definition of 'accounting quality', 'accounting information quality' in scientific literature. Most authors (Le Roux Cilliers, 1994; Mackevicius, 2004; Kundeliene, 2009; Bukevicius, Zaptorius, 2009; Bagaeva, 2010) maintain that accounting information quality stands for the implementation of users' needs. However, there are two opinions of the authors:
1) foreign authors (Ewert, Wagenhofer, 2009; Schiller, de Vegt, 2010; Wahlen et al., 2011; Arazy, Kopak 2011) identify accounting quality with a true, relevant, and timely disclosure of the accounting information in order for users of information to solve problems, plan and evaluate the activity of a company;
2) Finance Ministry of the Republic of Lithuania (VSAFAS, 2007) identifies accounting quality quite narrowly because the definition of accounting quality includes only relevance, reliability, and comprehensiveness.

Lithuanian authors (Mackevicius, 2004; Kundeliene, 2009; Bukevicius, Zaptorius, 2009) emphasize both the importance of user requirements and information quality characteristics, which ensure comprehesiveness of information. After the analysis of the concepts of accounting quality by various authors, some important elements can be identified:
1) *Determinants of accounting quality.* The existing regulation of accounting and accounting policy of the company are dominant trying to keep quality characteristics of the accounting information;
2) *The composition of accounting quality.* Le Roux Cilliers (1994), Wahlen et al. (2011), Arazy, Kopak (2011) consider financial reporting as the composition of accounting quality;
3) *The purpose of accounting quality.* Many authors (Le Roux Cilliers, 1994; Mackevicius, 2004; Bukevicius, Zaptorius, 2009; Kundeliene, 2009; Bagaeva, 2010; etc.) consider the same purpose of accounting quality – to satisfy the needs of the users of accounting information in order for them to make reasonable decisions.

According to the results of the conducted analysis of academic writings, the authors suggest the following definition of accounting quality: '*Accounting quality* is the characteristic of information in financial reporting, which corresponds to company's accounting policy, existing accounting regulation in order to satisfy the needs of the users of accounting information'. Hence, accounting quality is the result of all the accounting process, which is presented in financial reporting of the company, the main source of information for most groups of decision makers.

Accounting information in financial reporting must be useful for accountability and decision-making purposes. The qualitative characteristics of information are the attributes that make this information useful to users and support the achievement of the objectives of financial reporting. International Financial Reporting Standards (IFRS, 2013) set the main qualitative characteristics for accounting information: relevance and faithful representation. If financial information is to be useful, it must be relevant (must have predictive value and confirmatory value, based on the nature or magnitude, or both, of the item to which the information relates in the context of an individual entity's financial report) and faithfully represents what it purports to represent (information must be complete, neutral, and free from error). The usefulness of financial information is enhanced if it is comparable, verifiable, timely, and understandable. The IASB acknowledges that cost may be a constrain in preparing useful financial information.

Therefore, IFRS and scientific literature mostly analyze qualitative characteristics in the private sector. But the question is, if qualitative characteristics of accounting information should differ in private and public sectors. The comparison of qualitative characteristics in private and public sectors, defined in the Conceptual Frameworks of International Public Sector Accounting Standards (IPSASs) and IFRS, is shown in Table 1.

The comparison of qualitative characteristics in private and public sectors shows that the accounting regulation is very similar: a conceptual framework of the public sector includes the same qualitative characteristics as well as the conceptual framework of the private sector: relevance, timeliness, understandability, faithfulness, verifiability, and comparability.

A number of researchers (Dew, Gee, 1973; Burch, 1979; Anthony, Dearden, 1980; Black, Marchand, 1981; Davis, Olson, 1985; Duffy, Assad, 1989; Harvey, Knight, 1996; Mackevičius, 2004; Obaidat, 2007; Tulsian, 2008; TAS, 2008; Bukevicius, Zaptorius, 2009; IPSAS, 2013; etc.) present six most important qualitative characteristics of the accounting information in the public sector (Table 2).

Results of the presented analysis show six most frequent qualitative characteristics:
1) *Relevance* is the usefulness of information for its users. According to Anthony, Dearden (1980), Black, Marchand (1981), Tulsian (2008), relevance is one of the key characteristic of information because it may change decisions based on this information.
2) *Timeliness* is the quality of information being presented in an appropriate time frame when the information is relevant;
3) *Understandability* leads to easy understanding and convenient use of information;
4) *Faithfulness* means that information is unbiased;
5) *Verifiability* means presentation of information without error or bias;
6) *Comparability* means that information may be compared with information of other companies, or other years; it is possible to identify similarities and differencies of information.

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Table 1

Comparison of Qualitative Characteristics in Private and Public Sectors in International Accounting Standards

QUALITATIVE CHARACTERISTICS	IFRS	IPSAS
Primary characteristics	relevance faithful representation	relevance faithful representation understandability timeliness comparability verifiability
Secondary characteristics	comparability verifiability timeliness understandability benefit > costs	materiality benefit > cost balance between the qualitative characteristics

Table 2

Analysis of Qualitative Characteristics in Public Sector

Qualitative characteristics of accounting information	Authors
Relevance	Burch, 1979; Black, Marchand, 1981; Davis, Olson, 1985; Duffy, Assad, 1989; Harvey, Knight, 1996; Mackevicius, 2004; Obaidat, 2007; Bukevicius, Zaptorius, 2009; IFRS, 2013; IPSAS, 2013.
Timeliness	Dew, Gee, 1973; Burch, 1979; Black, Marchand, 1981; Davis, Olson, 1985; Duffy, Assad, 1989; Mackevicius, 2004; Obaidat, 2007.
Understandability	Dew, Gee, 1973; Burch, 1979; Anthony, Dearden, 1980; Davis, Olson, 1985; Duffy, Assad, 1989; Mackevicius, 2004; Obaidat, 2007; IFRS, 2013; IPSAS, 2013.
Faithfullness	Dew, Gee, 1973; Burch, 1979; Anthony, Dearden, 1980; Black, Marchand, 1981; Davis, Olson, 1985; Duffy, Assad, 1989; Obaidat, 2007.
Verifiability	Burch, 1979; Mackevicius, 2004; Obaidat, 2007; Bukevicius, Zaptorius, 2009; IPSAS, 2013.
Comparability	Mackevicius, 2004; Obaidat, 2007; Bukevicius, Zaptorius, 2009; IFRS, 2013; IPSAS, 2013.

Numerous authors particularly indicate these core qualitative characteristics and advise to adhere to them when drafting sets of financial statements. However, these characteristics must be evaluated by the ratio of their costs and benefits. In other words, the costs of preparing the presentation of information must be lower than the produced benefit (materiality).

Bukevicius and Zaptorius (2009) single out conservatism as an additional feature when all the operations taking place within an institution are evaluated by the most unfavourable result: useful time of long-term assets is established at the minimum while the choice of the depreciation method should lead to write off maximum expenditure, etc. According to the authors, such a scenario is selected for the sake of rightful reflection of the enterprise performance. That is why it is important to consider that the objective is not only the main one, the satisfaction of users' needs, but also true and fair representation of the financial position and performance of the enterprise.

According to Burch, Strater and Grudnitski (1979), information must be adaptable so that it could be employed by more than one user. From the point of view of Mackevicius (2004), accounting information is relevant when it assists in taking certain decisions; misleading presentation or non-presentation of information affects decisions taken by users. Nikolai, Bazley and Jones (2009) claim that information must be concrete in order to reveral whatever is expected to be revealed; it must be presented neutrally, prudently, and exhaustively. It is important that users have a possibility of comparing the presented financial information of different periods and different institutions. Equally important is the timeliness of information which is always valuable as it allows taking relevant actions only when and if the information is sufficient.

Having explored the attitudes of various authors on qualitative characteristics, their similarities and differences, the authors conclude that mostly researchers analyze qualitative characteristics which are stated in the Conceptual Frameworks of IFRS and IPSAS. There are no differences of qualitative characteristics of accounting information in the public sector or private sector.

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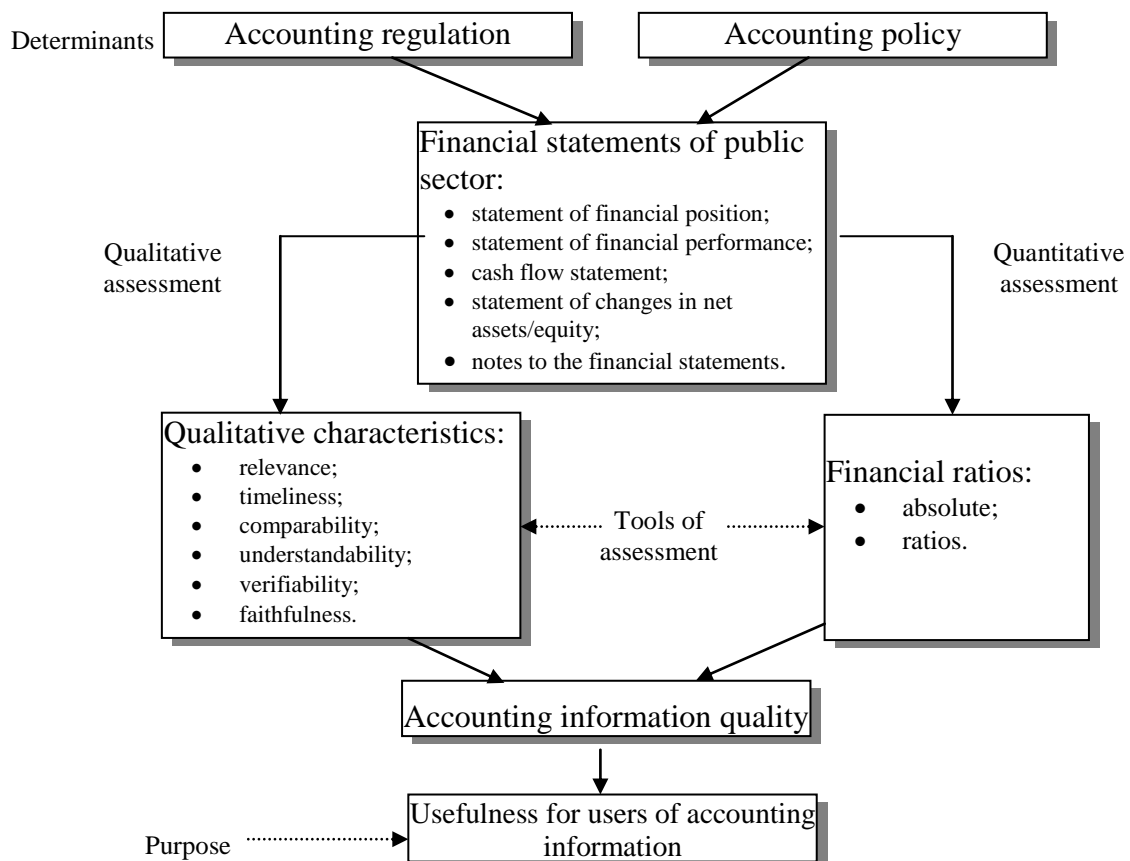## 2. Model of Financial Reporting Quality Assessment

The model of financial reporting quality assessment has been consistently created in the following stages:
1. The definition of the accounting quality concept was supplemented to cover core aspects: the composition of accounting quality, the determinants and the main objective, i.e. satisfaction of users' needs when presenting a true and fair financial statements adhering to qualitative and quantitative characteristics;
2. The determinants of accounting quality were revealed: accounting regulation, accounting policy;
3. Having analysed qualitative characteristics of the accounting information suggested by various authors, the most frequently highlighted characteristics were singled out and generalized: relevance, timeliness, understandability, faithfulness, reliability, and comparability.

At the end of each stage of the research, the achieved result allowed further development of the concept of the accounting information quality in order to reach the presented theoretical model covering all the explored aspects of information quality:
1) *Determinants of the accounting information quality.* Close relationship between the determinants of accounting information quality and its users was detected. Financial accounting and prepared financial statements should reflect fully both the requirements of accounting regulation in the state and the chosen accounting policy in the institution. Therefore, accounting regulation and accounting policy are the main determinants of financial statements;
2) *Composition of the accounting information quality.* The quality of the accounting information is observable in financial statements consisting of: the statement of financial position, the statement of financial performance, the cash flow statement, the statement of changes in net assets, the notes to financial statements. When evaluating the quality of the accounting information, all the five statements presented for the accounting information users are important. Each statement may be evaluated in terms of its relevance regarding the required qualitative characteristics; however, when the evaluation of statement quality is performed with the help of ratios,

Figure 1. The Model of Financial Reporting Quality Assessment in Public Sector

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only the financial position and financial performance statements are employed, since the information required for calculations is posted there;

3) *Ways of evaluating the accounting information quality* were singled out:

- qualitative evaluation is applied for complex investigation of a case seeking to evaluate the level of quality and to present explanation(s);
- quantitative evaluation is derived when numerical data is used in the process of evaluation and empirical grounding for the obtained results is sought when applying the methods of mathematical analysis for data processing and the description of the investigated phenomenon.

4) *The purpose of the accounting quality.* IPSAS, IFRS, the Law on Public Sector Financial Statements of the Republic of Lithuania (2007) state that financial statements of the subject of public sector should be prepared so that a true and fair view of subject's assets, net assets, liabilities, revenues, and expenses as well as cash flows is presented.

On the grounds of the outlined theoretical premises and interpretations, a theoretical model of financial reporting quality assessment for the public sector has been drafted (Figure 1). High quality accounting information is disclosed in a set of financial statements; hence there is no need for separate analysis of specific accounting operations as the final result of accounting is namely the set of statements.

The main advantage of the suggested theoretical model of financial reporting quality assessment, produced for the public sector, is a systemized loop quality information development process: determinants of the quality of the accounting information while the composition, a set of financial statements, together with the tools of assessment serve the purpose of satisfying users' requirements. This model is created for public sector institutions as specific financial statements are presented. With minor corrections, the model may be applied in the private sector as well.

In the presented theoretical model of financial reporting quality assessment, the following aspects of information quality evaluation are singled out:

1. *Correspondence of qualitative characteristics:*

- *Relevance.* This characteristic covers the possibility for specific information users to access the desired information and to use it successfully;
- *Timeliness.* This characteristic is the value of information being presented within the required timeframe;
- *Understandability.* Adequate data representation is required so that interpretation is simple;
- *Faithfulness.* This feature is determined by the "origin" of information; it is important to know where the information is obtained;
- *Verifiability.* This characteristic covers the presentation of information without error or bias;
- *Comparability.* Information must be comparable with the data of other public sector subjects and with the data of the same subject in a broader timeframe.

When conducting qualitative assessment, it is not simple to measure the degree of correspondence to qualitative characteristics as, for example, the evaluation of verifiability is quite complicated and subjective.

2. *Quantitative assessment of the accounting information* must be based on numerical data; hence applied analytical methods and appropriate ratios must be defined when dealing with financial statements of a public sector entity. The definition of financial analysis indicates that it is one of the most objective ways of adequate evaluation of an entity and that it provides possibilities not only for more precise understanding of the ongoing processes but also for the presentation of information quality (Palepu, Healy, 2008). Financial analysis of the data of financial statements is broadly used. Financial analysis is divided into three types: horizontal, vertical, and the analysis of ratios (William, Dale and Gregory, 2009; Ministry of Finance, 2010; Ouda, 2010; Villis, Kazlauskiene, 2012):

- *Horizontal analysis.* This type of analysis indicates how data in financial statements change during two or more periods. Changes of data may be calculated in absolute or in percentage values. Horizontal analysis may be employed for the evaluation of all financial statements;
- *Vertical analysis.* It indicates the percentage value of each element in a specific statement in comparison with the general base value. Ratios are expressed in percentage values; the cumulative value stands at 100%. When analysing statements of financial performance of a public sector subject, it is advisable to evaluate the structure of the revenue and expenditures of its main activity and to establish the comparative size of various costs in the structure of the core revenue;
- *Analysis of ratios.* This analysis is extremely common when comparing and evaluating a number of enterprises. On the grounds of data of financial statements, financial forecasts are developed. There are a number of financial ratios for profit-seeking enterprises contributing to exhaustive financial analysis; however, in current research, it is only relevant to discuss the financial ratios of the public sector of which the most important ones are selected for the assessment of the quality of financial statements. If the type of activity of public sector subjects is similar, they are comparable in terms of certain ratios. For the evaluation of public sector subject accounting data, usually used ratios divided into segments are employed: turnover ratios and solvency ratios. Profitability and cost ratios are excluded because public sector has a non-profit function.

Ratios ensuring adherence to the principle of public sector subject's activity efficiency are calculated. It should be observed that profitability ratios are not considered although these are common in profit-seeking entities as the public sector subjects are non-profit entities oriented towards the needs of the society. It is advisable to calculate solvency ratios as they indicate the possibilities of the public sector subject to covering specific liabilities.

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Many authors (William, Dale and Gregory, 2009; Ministry of Finance, 2010; Villis, Kazlauskiene, 2012) indicate that when conducting financial analysis it is beneficial to conduct all the three listed strategies: horizontal, vertical, and ratio analysis; in this way, it is possible to calculate ratios and to employ them when comparing similar and comparable subjects. Ratios are useful when comparing the current position of a subject of the public sector; they permit planning future actions.

The following users may benefit from the developed public sector's model of financial reporting quality assessment:

- state institutions and enterprises the accounting of which is regulated by normative acts;
- all other interested bodies (creditors of public sector bodies, staff and taxpayers) using the data of financial statements who depend on the quality of the presented information.

In order to apply the theoretical model of financial reporting quality assessment of a public sector entity, it must be empirically verified. Case analysis is employed for this purpose. Qualitative evaluation of financial reporting is analyzed in all Lithuanian public sectors' institutions and quantitative evaluation is made using an example of one institution. A public sector institution, operating in Vilnius the activity of which is financed from the national budget has been selected for this purpose. When conducting qualitative evaluation of financial reporting and considering systemized qualitative characteristics of information, the evaluation is based on financial statements of the entity before and after the reform of the public sector accounting and financial reporting initiated in 2010. Qualitative assessment of statements is conducted by investigating a set of public sector financial statements. In order to evaluate the qualitative characteristics of financial reporting, the evaluation criteria are information disclosure in all financial statements on the Internet, presence of explicit comments on annual statements, explanation and detalization, clearness of the presented information. Quantitative assessment is based on the core financial statements: the statements of financial position and financial performance.

3. Evaluation of Lithuanian Public Sector's Financial Reporting Quality

During the last decade, governments and municipalities of various countries initiated extremely important changes in the accounting systems of public sector subjects. A number of EU member states have already reformed or are currently reforming the public sector accounting and financial reporting systems by transferring from the cash principle to the accrual principle.

The Ministry of Finance of the Republic of Lithuania, seeking to develop a system of accounting and financial reporting, allowing the preparation of true and fair consolidated financial statements of public sector subjects, conducted a reform of the system of accounting and financial reporting in the years of 2005 through 2010. The fundamental generalized objective of the accounting reform is to develop legal, administrative, and financial conditions throughout the whole financial sector for a transfer from the cash principle to the accrual principle.

When using the model of financial reporting quality assessment of the public sector, a systematic research into the quality of the public sector subject financial reporting is being undertaken in order to reveal and assess quality levels:

1) Relevance. This feature is denoted by the opportunity to access the desired information and to use it. Most subjects of the public sector possess internet sites where they post their financial statements. There, they post not only the latest sets of financial statements but also the statements of budget funds using. It is possible to claim that not all subjects of the public sector present a full set of financial statements; the majority of them (Vilnius City Municipality, Kaunas City Municipality, etc.) present two core financial statements: the statement of financial position and financial performance. A cash flow statement and a statement of changes in net assets as well as the notes to the financial statements are rarer. Yet, the current situation is far superior as the main statements are available for analysis and assessment of information users;

2) Timeliness. This feature is denoted by presentation of information in time. On the grounds of the Law on Public Sector Financial Statements of the Republic of Lithuania (2007), annual consolidated statements are to be posted by municipalities prior to March 15 of the following year; annual consolidated state statements are to be posted by April 15; the annual national statements featuring audit conclusions are posted by the government before October 1 of the following year. At the beginning of April 2013, only 6 out of 10 largest municipalities presented full or partial sets of their financial statements. Some municipalities presented their financial statements without adhering to the terms established in the Law on Public Sector Financial Statements of the Republic of Lithuania;

3) Understandability. When dealing with statements of financial position, it may be observed that the division into items is extremely prominent, and the statement closely resembles a balance form produced by enterprises. It shows that information users find it easier to understand these statements. In the statements of financial position, it is possible to find out the values of assets of a public subject, its liabilities, sums of financing, and the net assets. The statement of financial performance indicates the revenue generated during the accounting period which was generated depending on the funds employed for the sake of implementation of regular current activity. Besides, it also shows the revenue from commercial activities of the public sector entity, if such revenue was obtained from any commercial activity;

4) Faithfulness. On the grounds of The Statement of State Control of the Republic of Lithuania (2013), it is possible to claim that the data in financial statements is true, faithful, and comprehensive; there is no duplication. No discrepancy was observed in the public sector accounting and reporting consolidation information system; the system contains efficient automated controlling devices. Yet, it should be mentioned that during the audit, cases of records of the public sector accounting and

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reporting consolidation information system being not substantiated by accounting or accounting-related documentation were established. However, with the changes of the methodology of public sector entity financial reporting consolidation coming into effect in 2013, each record of consolidation will have to be substantiated by a record reference as well as other documentation. Therefore, this should not happen again in the future;

5) Verifiability. It is extremely hard to assess and evaluate this characteristic. It may be claimed that the data is presented objectively, without error or bias; yet it is relatively hard to ensure this. One of the opportunities of manipulation in profit-seeking enterprises is motivation by remuneration; the better the results, the bigger the bonuses. Most subjects of the public sector are non-profit entities; thus the incentive to present misleading data is not that strong; however, another important interest cannot be forgotten, namely, the abuse of taxpayers' money. A number of state-employed staff secretly spend tax money. It is important to restrict this behaviour so that the quality of accounting information does not suffer;

6) Comparability. This characteristic, from the point of view of the authors, has undergone most significant changes. After the reform, financial statements of the public sector are easy to compare as the data is presented by applying the same principles as in profit-seeking enterprises, i.e. by presenting two periods, namely, the accounting period and the previous accounting period. It is important that different entities of the public sector may have their information compared since statements adhere to the same format. Therefore, they are easily understandable and comparable. As a result, horizontal, vertical, and ratio analysis may be easily conducted.

Having analysed changes of qualitative characteristics, it is possible to claim that the reform of the public sector accounting and financial reporting system have made changes for the relevance, timeliness, understandability, faithfulness, verifiability, and comparability of financial statements. The accounting information in financial statements has become comparable, easier to understand and more truthful.

When conducting quantitative analysis of the quality of financial reporting by employing data of financial statements of a specific public sector institution, the analysis of three types has been conducted: horizontal, vertical, and ratio. With these types of analysis, the usefulness of the data and the calculability of the ratios were sought to be revealed. In this analysis, the score of a ratio is not important; hence it was not analysed. Horizontal analysis of the statements of the financial position and financial performance was applied in order to find out the changes of specific areas of a public sector entity when producing a comparison of different periods. In the analysed case, horizontal analysis was impossible to perform prior to the year 2010; statements did not feature data for the preceding period, no statements of this form were presented. After 2010, the form of accounting gets convenient, and it is relatively easy to conduct comparative analysis.

Vertical analysis of the financial position and performance results is employed in order to evaluate the constituent share of some items within a certain ratio. This analysis demonstrates that the structure of the statement of the financial position is sufficient and appropriate for the calculation of the desired ratios. This type of analysis may also be easily applied for a novel statement of financial performance of the public sector.

When analysing financial ratios, data is sourced from statements, presented before and after the reform of the public sector accounting and financial reporting system.

Table 3

Financial Ratios of Public Sectors' Institution

Ratios		Ratio formula	Ratio before reform	Ratio after reform
Turnover ratios	Current asset turnover	Average current assets/net sales	No data	0,088
	Inventory and current assets ratio	Inventory/current assets	No data	0,00047
	Accounts payable turnover	(Accounts payable / net sales)*360	12 days	198 days
	Accounts receivable turnover	(Net accounts receivable / net sales)*360	4 days	196 days
Solvency ratios	Current solvency ratio	Current assets / current liabilities	No data	1,04
	Debt - equity ratio	All liabilities / all assets	No data	0,74
	Financial leverage ratio	All liabilities / net assets	No data	2,88
	Operating cash to current liabilities ratio	Operating cash / current liabilities	30,43	0,045

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When taking each group of ratios separately, it is possible to observe that when evaluating recently presented financial statements of public sector entities, essentially all the ratios are possible to calculate (Table 3).

Only one solvency ratio could be calculated before the reform. However, when calculating ratios based on earlier statements, it may be observed that out of eight ratios only three ratios may be listed; hence it may be claimed that the difference is evident. In order to calculate ratios by statements of budget implementation, difficulties may arise since the information is scattered, hard to understand, and imprecise as the ratios were calculated in terms of financial expenses rather than expenditure as the statements were presented by employing the modified cash principle.

Conclusions

1. According to the results of the conducted analysis of academic sources, the authors suggest the following definition of the accounting quality: 'Accounting quality is the characteristic of information in financial reporting, which corresponds to company's accounting policy, existing accounting regulation in order to satisfy the needs of the users of accounting information'. Usually the accounting quality is measured and regulated, listing qualitative characteristics of information. IPSAS (2013) and authors name six most important qualitative characteristics: relevance, timeliness, understandability, faithfulness, verifiability, and comparability.

2. The model of financial reporting quality assessment for the public sector has been created. This model includes the most important determinants of the accounting quality (accounting regulation and accounting policy), the composition of accounting quality (all five financial statements where accounting information is presented), the tools of qualitative and quantitative assessment, and the purpose of accounting quality – the satisfaction of users' needs in order to make reasonable decisions.

3. The created model of financial reporting quality assessment has been tested with the case of a Lithuanian public sector institution. Having analysed the changes of qualitative characteristics, it is possible to claim that the reform of the public sector accounting and financial reporting system proved to be highly beneficial for the relevance, timeliness, understandability, faithfulness, verifiability, and comparability of financial statements. Accounting information in financial statements became comparable, easier to understand, and more truthful. Comparability from the point of view of the authors has undergone most significant changes because horizontal analysis was impossible to perform prior to 2010. Vertical analysis has demonstrated that the structure of the statement of financial position is sufficient and appropriate for the calculation of the desired ratios. This type of analysis may also be easily applied for a novel statement of financial performance of the public sector. However, when calculating ratios based on earlier statements, it may be observed that of eight ratios only three ratios may have been listed. Thus, it may be claimed that the difference is evident. After public sector's reform the quality of financial reporting in the public sector has become higher because information users can compare it, can make horizontal and vertical analysis as well as are able to calculate many ratios.

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Apskaitos informacijos kokybė viešajame sektoriuje

Santrauka

Apskaitos informacija, pateikta finansinėse ataskaitose, turi atitikti tam tikrus reikalavimus, kad atspindėtų tikrą ir teisingą įmonės finansinę būklę. Ši informacija turi būti kokybiška ir privačiame, ir viešajame sektoriuose tam, kad galėtų patenkinti apskaitos informacijos vartotojų poreikius. Dažniausiai daug dėmesio skiriama privataus sektoriaus apskaitos kokybei, o viešasis sektorius susilaukia mažiau dėmesio.

Nepaisant ekonominės padėties, kiekvienoje šalyje yra daugybė viešojo sektoriaus subjektų, o vykstantys nuolatiniai integracijos procesai, skatina viešųjų ir privačių subjektų bendradarbiavimą, todėl iškyla būtinybė ir poreikis suvienodinti skirtingose šalyse esančių viešojo sektoriaus subjektų finansines ataskaitas, kad įvairūs informacijos vartotojai, nepriklausomai nuo išsilavinimo ir žinių, galėtų suvokti pateikiamus duomenis. Tačiau tai ne vienintelė problema, nes svarbu suvokti, kad informacija turi būti kokybiška ir pagrįsta, todėl taip pat svarbu išsiaiškinti, kas yra kokybiška informacija, kokios yra jos savybės, kad būtų galima identifikuoti pateikiamos informacijos kokybines problemas ir surasti optimalius sprendimo būdus jai pagerinti bei sudaryti visas galimybes informacijos kokybiškumui įvertinti.

Straipsnio tikslas – pagrįsti ir patikrinti viešojo sektoriaus apskaitos kokybės vertinimo modelį.

Mokslinėje literatūroje nėra vieningo „apskaitos kokybės", „apskaitos informacijos kokybės" apibrėžimo. Daug autorių akcentuoja tiek vartotojų svarbą, kai dėmesys sutelkiamas į jų reikalavimus, tiek informacijos kokybines savybes, kurios garantuoja informacijos visapusiškumą kokybiniu požiūriu. Išanalizavus įvairių autorių pateikiamas apskaitos kokybės sampratas, jose išryškėja tam tikri elementai: apskaitos kokybę lemiantys veiksniai (apskaitos reglamentavimas ir įstaigos apskaitos politika), apskaitos kokybės sudėtis (informacija pateikiama pagrindinėse finansinėse ataskaitose), apskaitos kokybės tikslas (patenkinti vartotojų reikalavimus, kad jie galėtų priimti pagrįstus sprendimus).

Remiantis atlikta mokslinės literatūros analize, autorės pasiūlė tokį apskaitos kokybės apibrėžimą: „apskaitos kokybė - tai finansinių ataskaitų rinkinio informacija, pateikiama vadovaujantis įstaigos ir įmonės sudaryta apskaitos politika, neprieštaraujančia įstatymams bei kitiems norminiams aktams, norint patenkinti vartotojų reikalavimus". Taigi apskaitos kokybė labiausiai išryškėja apskaitos proceso rezultate – finansinėse ataskaitose, kurių informaciją naudoja vartotojai sprendimams priimti.

Analizuojant apskaitos kokybę dažniausiai minimos kokybinės informacijos savybes. Išnagrinėjus Tarptautinius viešojo ir privataus sektorių apskaitos standartų pateikiamas kokybines savybes, akivaizdu, kad dažniausiai pasitaikančios savybės yra šešios: 1) reikšmingumas yra tokia savybė, kai informacija jos vartotojui teikia naudą; reikšmingumas yra viena iš svarbiausių savybių dėl to, kad ši savybė gali keisti sprendimus; 2) savalaikiškumas yra tokia savybė, kai informacija pateikiama tinkamu, aktualiu laiku; 3) suprantamumas yra tokia savybė, kai informaciją lengva suprasti ir ja naudotis; 4) teisingumas yra tokia savybė, kai informacija neiškraipoma; 5) patikimumas yra tokia savybė, kai informacija pateikiama be nukrypimų, klaidų; 6) palyginamumas yra tokia savybė, kai informaciją galima lyginti ir nustatyti finansinių ataskaitų informacijos panašumus ir skirtumus.

Remiantis teorinėmis prielaidomis ir interpretacijomis, sudarytas viešojo sektoriaus finansinių ataskaitų kokybės įvertinimo modelis. Kokybiška apskaitos informacija atskleidžiama finansinių ataskaitų rinkinyje, todėl nėra poreikio atskirai analizuoti tam tikrų apskaitos operacijų, nes galutinis apskaitos rezultatas yra finansinių ataskaitų rinkinys. Pagrindinis pasiūlyto viešojo sektoriaus finansinių ataskaitų kokybės įvertinimo modelio pranašumas yra susistemintas uždaras kokybiško informacijos formavimo procesas: veiksniai, lemiantys apskaitos informacijos kokybę, jos sudėtis – finansinių ataskaitų rinkinys, įvertinimo priemonės bei tikslas – tenkinti vartotojų reikalavimus.

Modelio empiriniam patikrinimui taikyta atvejo analizė, kuriai pasirinkta biudžetinė įstaiga, kurios veikla vykdoma Vilniuje ir kuri finansuojama iš valstybės biudžeto. Atliekant kokybinį finansinių ataskaitų vertinimą, atsižvelgiant į susistemintas kokybiškas informacijos savybes, atliekamas vertinimas remiantis biudžetinės įstaigos sudarytomis finansinėmis ataskaitomis prieš ir po 2010 - aisiais metais pradėtos viešojo sektoriaus apskaitos ir finansinės atskaitomybės reformos.

Kokybiškai įvertinus finansinių ataskaitų informacijos pokyčius po reformos, išnagrinėtas informacijos atitikimas kokybinėms savybėms. Ne visi viešojo sektoriaus subjektai pateikia išsamų finansinių ataskaitų rinkinį, dauguma - dvi pagrindines ataskaitas, o pinigų srautų, grynojo turto pokyčių ataskaitos bei aiškinamasis raštas pateikiami rečiau. 2013 m. balandžio mėnesio pradžioje 2012 - ųjų metų finansinių ataskaitų rinkinius tik 6 iš 10 didžiausių savivaldybių Lietuvoje pateikė visus arba dalį rinkinio. Finansinių ataskaitų suprantamumas po reformos akivaizdžiai pagerėjo: finansinės būklės ataskaita tapo panaši į įmonių balanso formą, todėl lengvai suvokiama daugumai informacijos vartotojų. Taip pat atsirado nauja – veiklos rezultatų ataskaita, kuri parodo pajamas bei sąnaudas, ko nebuvo anksčiau, kai vyravo biudžeto įvykdymo ataskaitos. Remiantis LR Valstybės kontrolės ataskaita (2013), finansinių ataskaitų duomenys pateikiami tikslūs, išsamūs, įvedami be dubliavimo. Naujomis finansinėmis ataskaitomis taip pat siekiama patikimumo: ataskaitų tikslas yra pateikti tikrą ir teisingą informaciją visiems informacijos vartotojams, neišskiriant tam tikrų jų grupių. Viena iš labiausiai pasikeitusių kokybinių savybių – palyginamumas. Po reformos finansinėse ataskaitose pateikiama informacija už praėjusius ir ataskaitinius metus. Taip galima palyginti skirtingų metų, skirtingų įstaigų duomenis, galima atlikti horizontalią, vertikalią ar santykinę analizes. Viešojo sektoriaus buhalterinės apskaitos ir finansinės atskaitomybės sistemos reforma suteikė didelę naudą finansinių ataskaitų reikšmingumui, savalaikiškumui, suprantamumui, teisingumui, patikimumui, o ypač palyginamumui.

Atliekant kiekybinį finansinių ataskaitų kokybės vertinimą, naudojant konkrečios biudžetinės įstaigos finansinių ataskaitų duomenis, atlikta trijų rūšių analizė: horizontali, vertikali bei santykinė analizė. Taikant skirtingas analizės rūšis, norima atskleisti, kiek duomenys yra naudingi ir kokius rodiklius galima apskaičiuoti. Šioje analizėje pats rodiklio rezultatas nėra svarbus, todėl jis neanalizuotas. Horizontali finansinės būklės ir veiklos rezultatų ataskaitos analizė taikoma norint sužinoti, kokie buvo viešojo sektoriaus subjekto tam tikrų straipsnių pokyčiai lyginant skirtingus laikotarpius. Analizuojamu atveju horizontalios analizės atlikti negalima, nes iki 2010 metų ataskaitose nebuvo pateikiami praėjusio laikotarpio duomenys. Be to, tokios formos ataskaitos nebuvo sudaromos. Po 2010-ųjų metų ataskaitų formos yra patogios ir gana nesunku atlikti lyginamąją analizę.

Vertikali finansinės būklės ir veiklos rezultatų analizė taikoma norint įvertinti, kokią dalį atskiri straipsniai sudaro nuo tam tikro rodiklio. Atlikus šią analizę, įsitikinta, jog finansinės būklės ataskaitos struktūra yra pakankama ir tinkama apskaičiuoti norimus rodiklius. Ši analizės rūšis taip pat gali būti lengvai pritaikoma naujai viešojo sektoriaus veiklos rezultatų ataskaitai.

Skaičiuojant santykinės analizės rodiklius imami duomenys iš ataskaitų, kurios buvo sudaromos prieš ir po viešojo sektoriaus buhalterinės apskaitos ir finansinės atskaitomybės sistemos reformos. Analizuojant likvidumo ir apyvartumo rodiklių grupes, pastebima, kad vertinant naujai sudaromas viešojo sektoriaus subjekto finansines ataskaitas, galima apskaičiuoti praktiškai visus rodiklius. Tačiau skaičiuojant rodiklius remiantis ankstesnėmis ataskaitomis, pastebima, kad iš aštuonių rodiklių galima suskaičiuoti vos tris rodiklius.

Reikšminiai žodžiai: viešasis sektorius, apskaitos informacijos kokybė, finansinės ataskaitos, reforma.