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# **Debate: Researching in challenging times—adapting and enhancing public sector accounting practices**

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## **Introduction**

Public sector organizations are increasingly grappling with a series of complex challenges, from economic austerity (Bracci et al., 2015), wicked problems (Thomasson et al., 2020), and poly-crises (Vito et al., 2024) to the evolving demands of digital governance (Grossi & Argento, 2022). In this dynamic and uncertain environment, accounting, reporting and auditing are crucial in addressing contemporary challenges. Comparative international studies provide valuable insights by highlighting best practices and lessons learned from different contexts, especially during turbulent times. Such approaches can potentially contribute to better equipping public sector organizations to navigate and overcome current challenges effectively, ensuring greater accountability, transparency, resilience and building trust in public administration. This debate article examines critical areas that require deeper understanding and thorough analysis.

## **Public sector accounting, reporting and auditing in an uncertain environment**

Accounting, reporting and audit practices are typically seen as tools to uncover inefficiencies and corruption, and to promote transparency, efficient resource allocation and financial sustainability. As public sector organizations increasingly operate in a complex and uncertain environment under the ‘epoch of poly-crisis’ (Vito et al., 2024, p. 1), traditional accounting, reporting and audit practices must be reassessed. For instance, accountants and auditors might need to enhance their skills in risk and uncertainty management, sustainability accounting and digital tools to handle the complexities of poly-crises. Accounting and reporting practices themselves might need to adopt a long-term focus, including management, performance and sustainability measurement practices to identify and mitigate potential crises in public sector entities. This also brings further need to examine the role of accounting in contributing to financial resilience capacities (Barbera et al., 2020). At the macro level, regulations and norms, including discussion on international harmonization and international (or regional) standards, could evolve to support a pluralistic demand from citizens towards government performance and sustainability. This multi- perspective approach points out some of the areas researchers on public sector organizations can focus on. These areas are significantly influenced by local or regional challenges and by the diverse traditions of public administration practices.

## **The impact of digitalization and artificial intelligence on public financial management**

The increasing relevance of digitalization and IT (Bergmann, 2021), coupled with the expected increasing use of artificial intelligence (AI) and machine-learning tools, is affecting decision-making processes and public financial management (Agostino et al., 2022). The accounting profession is a field where digital transformations are having profound effects, and there is still much room left to explore the effects of digital transformation and challenges for accounting (data producers), decision-making (data users), and accountability (data reporting) (Agostino

et al., 2023). At the individual level, accountants and auditors need to adapt their practices to cope with digital transformation, including proficiency in using advanced digital tools. With the increased volume and complexity of data, more needs to be understood on how professionals deal with data overload. Also, the reduced costs of implementing new reporting tools may increase accountability overload, and accountants' postures—i.e. meaning that accountants, under particular circumstances and at a given time, tend to act according to a typical set of attitudes and to prioritize particular choices over others when performing their organizational role (see Lino et al., 2022)—must be evaluated. At the organizational level, the implementation of basic and more advanced technologies must be thoroughly investigated. For instance, as an example of a basic technology for public financial management that must be further explored, a recent literature review by Azhar et al. (2022) revealed a scarcity of research on (Integrated) Financial Management Information Systems. Modern technologies such as AI should be examined for their potential to automate routine tasks, enhance predictive analytics, and improve overall financial management processes—while they could also be relied on as important tools for public organizations during challenging and uncertain times. Finally, the digital turn has led to changes in organizational structures and processes related to accounting and public management that need to be explored (Rogge et al., 2017). At the macro level, a comparative analysis of the development of regulations and policies that address the ethical, legal and practical implications of using advanced technologies is needed (Iuliano et al., 2024); moreover, another point relevant for empirical exploration is whether the curriculum in accounting programmes is evolving to include training on digital tools, AI and data analytics to prepare future accountants for the demands of a digitally-transformed environment (Tavares et al., 2023).

### **Improving financial and non-financial reporting to promote accountability**

There is a growing recognition that financial information alone does not capture the full picture of an entity's performance, while enhanced reporting systems might increase transparency and accountability, fostering public trust. In this context, more studies addressing topics related to improving reporting systems for citizens and other stakeholders through popular reporting, integrated reporting and sustainability reporting are needed (Manes- Rossi & Orelli, 2020). The role of new technologies and AI could also be explored from this perspective of accountability (Agostino et al., 2022). Other topics include accounting and financial reporting integration in the public sector financial management processes (i.e. accountable and sustainable decision-making) and the need for non- financial reporting and other forms of reporting to meet the information users' needs (i.e. how to reduce the gap between the expected and actual use, also considering the role that citizens may have in co-designing the contents of these reports; see Donatella & Bisogno, 2024). Finally, public sector organizations play a crucial role in advancing the Sustainable Development Goals (SDGs). More research should be done on the role of public sector accounting and reporting systems in supporting the achievement of the SDGs (Bisogno et al., 2024; Cohen et al., 2023).

### **Call for papers**

Based on the above, further research exploring and addressing these critical areas will make significant contributions to both the academic community and practitioners and Comparative policy-makers. International As a result, the Governmental Accounting Research (CIGAR) Network is inviting all scholars who participate in CIGAR events or who have a significant interest in CIGAR's research agenda to submit papers for consideration for publication in the 5th PMM CIGAR Annual Issue, which will be published in 2025, in *Public Money &*

Management (PMM) Volume 45. The PMM CIGAR Annual Issue is one of PMM’s eight yearly issues; articles are circulated to the public management and public finance communities (as well as to the practitioner community via CIPFA members’ free access to PMM). Another advantage of publishing in the PMM CIGAR Annual Issue is that its contents are made free to view from publication for three months by PMM’s publisher. Besides addressing emergent themes concerning contemporary challenges in public sector accounting, the 5th PMM CIGAR Annual Issue aims to publish empirical and theoretical articles on topics related to public sector accounting understood in a broad sense (Cohen & Manes- Rossi, 2024; Vollmer et al., 2024) to bridge the research– practice gap in the fields of public sector accounting and financial management. The incoming editorial team for the PMM CIGAR Annual Issues 2025 and 2026 (Marco Bisogno, Josette Caruana, Susana Jorge, André Lino and Gorana Roje) would like to take this opportunity to express their deep gratitude to their colleague, Eugenio Caperchione. Eugenio spearheaded the liaison with PMM in order to launch the PMM CIGAR Annual Issue, reaching an agreement that has proved beneficial for both the CIGAR Network Association and the journal. Eugenio has led the editorial team for four consecutive annual issues (see the editorials introducing the first three PMM CIGAR issues, Caperchione et al., 2021; 2022; Caruana et al., 2023), steering the activities towards quality annual issues that have made a difference to both research and practice of public sector accounting.

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