

**The reality of modernizing the public accounting system in Algeria in light of the adoption of International Public Sector Accounting Standards (IPSAS)**

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**Abstract:**

In today's economy, Algeria is actively working on adopting a modern public accounting system. This system follows international developments, especially the adoption of IPSAS standards. This was the aim of the study. It covers the key budget and accounting reforms, which started with Organic Law "18-15" and continued with Public Accounting Law "23-07". These laws are a big advance in public finance.

The study found that the new accounting update is a step towards the adoption of IPSAS. It aims to provide credible financial statements and better accounting information. This will protect the needs of users of public financial information.

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**Key words:** Public Accounting, Accounting Reforms, (IPSAS) standards, Organic Law, Finance Law

**Introduction:**

Many consider public accounting to be the main channel through which all the state's financial policies pass. It exists in an era in which economic and financial changes are speeding up. This requires a continuous need to update public accounting systems to keep up. In this context, modernizing the public accounting system comes as a matter of interest. It is important in all countries due to its direct impact on the quality of financial reports and the management of public accounts. To unite global efforts and fix government accounting, new international organizations have emerged. They aim to issue high-quality accounting standards for the public sector. The most important of these is the International Public Sector Accounting Standards Board (IPSASB). It issued (IPSAS) standards. As part of the trend for many countries in the world to adopt those standards. Algeria, like others, sought to adopt the standards of (IPSAS). They aimed to shift to a project to modernize public accounting to adapt the current accounting system to international standards and references. They aimed to create an accounting system that helps evaluate performance and enhance accountability. This is to achieve transparency in the government's public financial accounts. Based on all the above, we can ask: What is the reality of modernizing the public accounting system in light of the adoption of International Public Sector Accounting Standards ?

The main question enables us to ask the following sub questions:

- What are the factors that led to the modernization of the public accounting system in Algeria?

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- What are the expected advantages of adopting International Public Sector Accounting Standards?

**Hypotheses:**

1- The system is being modernized to follow International Public Sector Accounting Standards to improve transparency, accountability, and fight corruption.

2- Adopting International Public Sector Accounting Standards achieves several economic and financial advantages.

**Study methodology:** In order to achieve the objectives of the study, we relied on a descriptive and analytical approach by presenting general concepts about public accounting and analyzing the laws related to budgetary and accounting reforms in Algeria.

To answer the main question and sub-questions, we divided the study into three subjects:

- The reality of modernizing the public accounting system.
- Adopting international accounting standards for the public sector in Algeria.
- Assessing the Status of Updating the General Accounting System in Light of Adopting International Public Sector Accounting Standards (IPSAS).

**chapter One: The reality of modernizing the public  
accounting system:**

Public accounting is linked to state intervention in public life. This intervention varies by country, so no comprehensive definition is possible.

### **The first requirement: Definition of public accounting**

A traditional definition and a modern definition of public accounting can be presented as follows:

#### **Subsection one: The traditional definition of public accounting**

Public accounting is the study of a set of principles, foundations, and standards for conventional accounting. It prepares government activity data to summarize and analyze it. (Mubarak, 2013, p.09). This accounting also involves recording the budget accounts in records and financial statements to impose financial and legal control over revenues and expenditures. (Wadyan and Zuhair, 2010, p. 12).

#### **Subsection two: The modern definition of public accounting**

Law No. “23-07” related to the rules of public accounting and financial management defined it, through “Article 79”, as “a system that allows the organization of financial information by entering, classifying, recording, and monitoring data on budgetary and accounting operations and treasury operations with the aim of creating accounts that are compatible with the organization and truthful.”, presenting financial statements that reflect an honest image of the property, financial situation, and results at the end of the fiscal year, and contributing to calculating the cost of activities or services as well as evaluating their effectiveness. (Algerian Official Gazette, 2023, p. 10).

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**The second requirement: objectives and scope of public accounting**

It embodies modern public accounting goals to bring transparency and credibility to the public sector through the state's financial operations.

**Subsection one: The modern objectives of public accounting**

**1-Achieving organization and accounting compatibility among all public accounting personnel by clarifying their tasks and obligations.** (Khudair and Mouneh, 2016, p. 99).

**2- Ensuring the provision of the necessary information for accountability:** This is through a commitment to provide explanations and justifications from the executive body to the legislative body, through financial reports that include information indicating whether the current year's revenues are sufficient to cover all expenses.

**3- Providing the necessary information for control systems:** To verify the legitimacy of the state's financial operations, the state's accounting system should have mechanisms to allow control before and during use. This ensures the protection of state-owned assets and prevents fraud, waste, and misuse of public funds. (Shalal, 2014, p. 12).

**4- Providing the necessary information about the sources and uses of resources for decision-making:** By providing reports showing the sources and use of money, they show how the unit gets and uses money, and compare the various results of previous fiscal years with the legally approved budget, in order to make decisions and compare alternatives.

**5- Providing the necessary information for preparing national accounts:** To provide credible financial data on the results of the government units' activities and include them in national accounting, by providing information prepared based on the concepts and classifications used in the final accounts, which is based on the concepts and principles of the System of National Accounts (SNA). (Al-Saidi, 2016, p. 35).

**Subsection two: The scope of public accounting**

The Algerian legislator limited the scope of application of public accounting by Article 1 of Law 23-07 on the rules of public accounting and financial management to two aspects:

**1 - Public bodies:** These are the bodies specified in Article 1 of Law 23-07 on the rules for public accounting and financial management for budgets and financial operations of the state:

Local authorities (municipality and state), public institutions of administrative nature, public health institutions and other legal persons who, within the framework of the task of delegated supervision of the project, are assigned to implement all or part of the state program.

**2- Financial and accounting operations:** They are Budget operations Represented in budget operations scheduled and authorized under the state budget and the budget of other public bodies. They include revenues and expenditures, In addition, treasury operations, which according to Article 59 of Law 18-15, are represented in treasury resources and the state burdens resulting from employing the state's financial resources, issuing, transferring and repaying borrowings. (Algerian Official Gazette, 2018, p. 15).

**The fourth requirement: public accounting agents**

To reform budgets and accounting, this matter required giving new tasks to those in charge of the public accounting system.

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**Subsection one: the person in charge for disbursement**

**1- Definition of the person in charge of disbursement:** He is every appointed, elected, or assigned person, authorized to handle the budget, finances, and property of legal entities subject to public accounting.

**2- Types of persons in charge of disbursement:** Article 05 of Law 23-07 says there are three types of disbursement officers.

**A- The main disbursement officers:** They are directly given the approved appropriations in the budget; “Article 6” of Law 23-07 classifies them as follows:

- Those in charge of the disbursement of the state budget are ministers, members of the government in whom appropriations are registered in their names, and heads of public bodies.

- Those who order disbursement to the budget of public institutions are heads of public institutions of an administrative nature. Moreover, those who order disbursement to the budget of local groups are governors, and heads of municipal popular councils and public health institutions.

**B- Secondary disbursement officers:** They are the ones to whom the main disbursement officers delegate the funds.

**C- Regional disbursers of the state budget:** They are the managers of the regional bodies’ programs if they assigned to implement all or part of the program.

There is also the successor or the one in charge, and the authorized person. (Belkacem Ben Ramadan, 2023, page 5)

**3- Duties of those in charge of disbursement:** The person in charge of disbursement is responsible for the following:

- He proves rights and obligations and is responsible for liquidating revenues and issuing related orders. He also guarantees compliance, liquidation, ordering disbursement, and issuing payment transfers within the limits of open or delegated credits, with the exception of assessment credits.

- He issues movement orders affecting the property and materials of the state.

### **Subsection two: the public accountant**

**1- Definition of the public accountant:** He is defined under Article 15 of the new Public Accounting Law 23-07 as “every public official appointed or legally approved to collect revenues, pay expenses, guard and preserve the funds, bonds, values, and materials entrusted to him, as well as through the circulation of funds, Bonds, and values, and movement of asset accounts”. He maintains budgetary accounting and general accounting, and prepares financial statements.

### **2- Types of public accountants:**

In accordance with the Public Accounting Law “23-07”, public accountants are divided into:

**A- The main accountants:** They are the ones who carry out the centralized operations so that their accounts are submitted directly to the Accounting Council.

**B- Secondary accountants:** They are the ones who carry out financial operations that are centralized by the main accountants, who are the collectors of various taxes, the collectors of customs, the collectors of state property, and the custodians of real estate mortgages.



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There are other accountants according to the new Public Accounting Law 23-07, and they are the specialized accountant, the funds and values accountant, the accountants of focus accounting, the successor accountant, the authorized accountant, and the actual accountant.

**3- Duties of public accountants:**

- He collects revenues and/or pays expenses and ensures the guarding and safekeeping of funds, bonds, values, objects, or materials assigned to him.

- trades money, bonds, values, and the movement of asset accounts.

- maintains budgetary accounting based on the fund accounting principle.

- maintains public accounting based on the principle of established rights and obligations.

- Works on preparing financial statements, management accounts, and accounting records for non-fixed values (Algerian Official Gazette, 2023, page 6)

**Subsection three: Budget Supervisor**

**1- The modern concept of Budget Supervisor:** The label of budgetary supervisor replaced the financial supervisor in Law 23-07, where the forms of budgetary supervision were defined as follows: “Budgetary supervision is exercised under the authority of the Minister in charge of the budget by a budgetary supervisor and he is assisted by an assistant budgetary supervisor.” (The Algerian Official Gazette, 2023, page 12)

**2- The tasks of the budget supervisor are:**

- Ensures that projects comply with expenditures according to applicable legislation and regulation, the approved appropriations for commitment, and open or licensed job positions.

- pre-verifies the availability of financial appropriations and job positions.

- ensures subsequent supervision on unsigned document.  
(Zarqan, 2023, p. 332)

## **Chapter Two: International accounting standards for the public sector in Algeria**

The most important requirements and conditions for adopting international accounting standards for the public sector and moving from fund accounting to accrual accounting to achieve financial transparency will be discussed.

### **The first requirement: requirements for applying International Accounting Standards in the Public Sector**

We will discuss the initial conditions and requirements that must be met by public entities

#### **Subsection one: Conditions public bodies must meet in order to adopt international accounting standards (IPSAS)**

- To be committed to the principles of transparency, accountability and good governance.
- Be able to convert its accounting system from a cash basis to an accrual basis.
- Supported by international, regional and local organizations in the application and adoption process.

#### **Subsection two: Requirements of International Public Sector Accounting Standards (IPSAS)**

The most important requirements of International Public Sector Accounting Standards are:

**1- Modernizing the budget:** The development of the general budget is one of the requirements that allow the modernization of the public sector accounting system. The state's general budget is considered a plan that includes work programs and an estimate of the revenues and expenditures necessary to implement them during the next financial period.

**2- Developing a clear and specific strategy and action plan for the transformation process:** including defining responsibilities, goals, indicators, and timetables. This means that

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the public entity defines its vision, goals, and indicators for moving from cash-based accounting to accrual-based accounting and sets procedures and timetables for their implementation.

**3- Improving coordination and compatibility between various levels and sectors of government in the transformation process** and choosing a method that is appropriate for moving from cash-based accounting to accrual-based accounting, taking into account the level of readiness and existing challenges. (Algerian Accounting Council, 2023, p. 32).

**The second requirement: the conceptual framework for the state's accounting standards (NCE)**

The Ministry of Finance has presented a set of international standards, which mainly revolve around adopting liability accounting according to the latest update of the government's accounting standards draft in May 2019.

**Subsection one: The concept of the conceptual framework**

The conceptual framework is the framework that defines the clear basic concepts that govern the application of international accounting standards for the preparation of financial statements for public use by public bodies. The International Public Sector Accounting Standards are based on the conceptual framework of international financial reporting standards as a reference for their preparation. (Rahu, 2021, page 93)

**Subsection two: The objective of the conceptual framework for preparing and presenting financial statements**

The conceptual framework for preparing and presenting financial statements generally aims to:

- Spread the International Public Sector Accounting Standards (IPSAS), which must be applied in preparing general-purpose financial reports for public sector bodies and organizations.
- Provide good practices guidelines and encourage public sector bodies to follow them.

-Studies to provide recommendations on financial reporting issues in the public sector. (Aggestam & Pontoppidan Isabelle Andernack, 2016, p. 21)

-Assist in developing new accounting standards in response to the current changes.

-Increase and enhance comparability between the financial statements issued by different units.

-Contribute to achieving transparency by providing a rationale for accounting standards. (“IFAC”, 2021, p. 24).

### **The third requirement: accrual accounting and accounting types**

Through the text of Article 65 of Organic Law 18-15 on the Finance Laws, public bodies are obligated to maintain three types of accounting: cash-based accounting, accrual-based accounting, and analytical accounting. (Raho, 2021, page 95).

#### **Subsection one: qualitative characteristics of accrual accounting outputs:**

According to what was stated in the conceptual framework of state accounting standards adopted by Algeria, the information contained in the financial statements must have the following characteristics:

**1- Relevance:** If it has predictive or confirmatory value, that is, it allows users to help in making new predictions, confirming or modifying previous predictions, or both.

**2- The true image:** Financial information gives a true image when it depicts an economic phenomenon in a complete, impartial and free of material errors.

**3- Understandability:** The quality of information that enables users to understand its meaning; that is, the information must be presented in a clear and accurate manner that any user can understand and benefit from them.

**4 - Comparability:** Information in financial statements are comparable when users are able to identify similarities and

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differences between those information and information contained in other reports. (“IFAC”, 2021, p. 36)

**Subsection two: Conditions imposed on the information contained in financial reports for public use in government-sector establishments**

Conditions are imposed on financial information of general use so that it can be taken into account in the financial statements, which are as follows:

**1 - Relative importance:** It can be said that information is of relative importance if any error in it affects accountability and decisions taken by users based on the organization’s financial reports that were prepared for the reporting period.

**2- Balancing the qualitative characteristics:** This restriction is because qualitative characteristics work together differently to contribute to the usefulness of information. In some cases, it may be necessary to achieve a balance or trade-off between qualitative characteristics to achieve financial reporting objectives. (Algerian Accounting Council, 2023, p. 37).

**The fourth requirement: adopting International Public Sector Accounting Standards (IPSAS)**

The IPSAS standards represent the best reference for the successful transition from fund accounting to accrual-based accounting.

**Subsection one: Content of the standards adopted in the Algerian modernization project:** Within the framework of modernizing the public accounting system in accordance with International Accounting Standards for the Public Sector, a guide has been drafted containing a set of accounting standards for the public sector that are compatible with the Algerian accounting reality, Within the framework of what is known as the fragmentation of international standards. The body responsible for the modernization project studied International and French standards, and chose a set of standards, which is a combination of international and French standards that can be applied in Algeria.

A list of 17 standards was adopted according to the Algerian environment, 12 standards from international standards, and 05 standards from French standards. (Shashwa, 2022, p. 130).

### **Subsection two: Classification of State Accounting Standards**

The following table shows the most important standards that have been adopted and that are compatible with the Algerian accounting environment:

**Table No. (01): Classification of the country’s accounting standards “NCE”**

Classification of standards	Standard number	Standard name	Explanation of standard
Standards related to financial statements	01	The financial data presentation	Developed from International Standard “IPSAS 01” specifies a presentation of financial statements, geared to meet the needs of users including taxpayers, elected officials, suppliers...etc.
	02	Cash flow statements	Formulated based on “IPSAS02”. This standard aims to clarify the sources of funding public bodies and their uses, and to indicate cash balances and treasury flows.
Standards related to the budget statement	04	Liabilities	Formulated from the French Standard No. 2 on State Accounting, which specifies the burdens of the State and the rules for their recognition and evaluation.
	05	Components of the public treasury.	Formulated from French Standard No. 10 and the treasury components cover assets and liabilities related to state treasury operations.
	09	Tangible assets	Formulated from French Standard No. 6, as it works on the evaluation and

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			recognition of tangible fixed assets controlled by the state.
	10	Intangible assets	Formulated from International Standard No. "IPSAS 31". It addresses intangible state property whose use extends for more than one fiscal year renewable and measurable.
	11	Inventory, assets, and similar liabilities.	Formulated from International Standard "IPSAS19", it addresses cash flows associated with the possibility of an uncertain future event occurring, and specifies how to measure the recognition of provisions associated with recording similar assets or liabilities.
	13	Inventory	Formulated from "IPSAS12". It deals with methods of measuring and evaluating inventory at the beginning and end of the fiscal year, where the cost of recognizing inventory is determined according to historical cost.
	14	Lease contracts	Formulated from the international standard "IPSAS13". This standard aims to clarify how to treat financial and operating lease contracts.
	15	Depreciation of non-cash generating assets	Formulated from the international standard "IPSAS21" and shows the method for recognizing impairment losses associated with a non-producing asset, which are assets that are owned by the state.
	17	Short-term asset rights (current asset rights)	Formulated based on French Standard No. 9, this standard addresses receivables due in the short term, and includes rights to current assets and amounts due from customers as well as receivables from taxpayers.
Standards	07	Investments in	Formulated from the international standard "IPSAS 07". It addresses state

related to public consolidated accounts.		affiliate entities	investments in institutions and units that result in profits and losses that can be evaluated realistically and truly, and helps improve the transparency and reliability of government unit reports.
Standards related to the presentation and disclosure of financial statements.	06	Financial Instruments, Debts, and Other Financial Liabilities	Formulated based on French Standard No. 11. This standard aims to clarify the methods of treating the resources that the state uses to cover the deficit in its treasury, whether it is related to loans or future securities.
	08	Presenting Budget Information in Financial Statements	Formulated from the international standard "IPSAS24". This standard aims to contribute to enhancing accountability and transparency obligations in its financial statements, and financial performance in the budget.
Standards associated with the utilized accounting policies and methods.	03	Revenues from Non-Exchange Transactions	Formulated from "IPSAS23". The standard aims to specify financial reporting requirements for revenue resulting from non-exchange transactions, which appear in taxes, transfers, grants, and tax exemptions.
	12	Revenues from Direct Exchange Transactions	Formulated based on "IPSAS 09", and aims to determine the rules for evaluating and recognizing revenues resulting from transactions with direct compensation, such as the provision of services and the sale of goods.
	16	Changes in Estimates and Accounting Policies, and Error Corrections	Formulated based on International Standard "IPSAS 03". This standard aims to enhance the comparability of information reported in government financial statements, as it stipulates the necessity of providing information about any change in accounting methods and estimates, or any



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			corrections to errors in previous years.
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**Source:** Compiled by the researchers based on "PROJECT FOR COMPILATION OF STATE ACCOUNTING STANDARDS 2019"

**Subsection three: Compatibility of the Outputs of the State Accounting Reform Project with (IPSAS) standards**

There is a compatibility between the state accounting standards in Algeria "NCE" and the international accounting standards in the public sector "IPSAS", in terms of the objectives of the financial statements. (Fatima, 2022, p. 286)

**1. General Purpose Financial Reports (GPFR):** The (IPSASB) has defined the scope of preparing General Purpose Financial Reports (GPFR) within the conceptual framework to be broader than that of financial statements. This is aimed at providing users with information suitable for assessing the entity's operations adequately. Additionally, the PCE project also defines financial statements and their contents, following a similar approach, albeit with differences in the number of financial statements. The following table illustrates the financial statements adopted within the GPFR framework and the State Accounting Reform Project.

**- Table (02): Financial Statements Adopted Within the Framework of General Purpose Financial Reports (GPFR) and the State Accounting Reform Project (PCE).**

Framework Type of Financial Statements	General Purpose Financial Reports (GPFR)	State Accounting Reform Project (PCE)
Balance Sheet	<input type="checkbox"/>	<input type="checkbox"/>
Income Statement	<input type="checkbox"/>	<input type="checkbox"/>
Cash Flow Statement	<input type="checkbox"/>	<input type="checkbox"/>

<b>Reports including budget and legislative compliance information</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Service Performance Reports</b>	<input type="checkbox"/>	–
<b>Reports containing future financial and non-financial information</b>	<input type="checkbox"/>	–
<b>Supplementary Information</b>	<input type="checkbox"/>	–
<b>Appendices</b>	<input type="checkbox"/>	<input type="checkbox"/>

Source: (Boukhalfi, 2020, p. 159).

From the table, it is evident that the State Accounting Reform Project in Algeria relies on four financial statements out of the seven financial statements adopted within the GPFR framework. These are the Income Statement, Balance Sheet, Cash Flow Statement, and Appendices. These represent the outputs of the State Accounting Reform Project, indicating that it did not adopt the specific statements for service performance reports, reports containing future financial and non-financial information, and supplementary information.

### **Chapter Three: Assessing the Status of Updating the General Accounting System in Light of Adopting International Public Sector Accounting Standards (IPSAS).**

In order to modernize the accounting and budgetary system, Law 18-15 was issued, followed by the Public Accounting and Financial Management Law 23-07, which were relied upon to provide an addition to the modernization of public finance management in Algeria.

#### **The first requirement: Evaluation of Budgetary and Accounting Reform**

By addressing the key objectives behind modernizing the budgetary framework and Accounting update practices to achieve transparency and credibility in public financial management.

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**Subsection one: Modernization of the Public Budget**

As part of the support and cooperation program with the European Union, a joint strategic program was developed on 31 March 2016, between various directorates within the Ministry of Finance and experts from the European Union. This program aims to modernize public finances. Through this cooperation, Organic Law 18-15 was enacted, which began its actual implementation in January 2023. This law aims to correct the imbalances contained in the previous Law 84-17; it aims to:

- Transitioning from a means-based approach to a results-based approach. It presents a challenge for improving public administration and providing citizens with a clear vision through introducing the concept of program budgeting and management dialogue concept, offering a multi-year perspective on public expenditure management, and adopting a reform focused on holding managers accountable and responsible, along with monitoring and evaluating performance. Moreover, granting greater autonomy to managers while obligating them to provide a summary of their management outcomes and the level of efficiency achieved. (Khamisat, 2022, page 42). As for the aspect related to technology and information systems:

- Preparation of a strategic plan for the Ministry of Finance's information technology.

- Enhancement of technological structures through the establishment of a central directorate for information technology (Hourri, 2016, p. 62).

- reform of the information and IT systems, represented by the Integrated Budget Management System (SIGB).

**Subsection two: Updating the Accounting System**

The new perception came to maintain public accounting, directed towards greater transparency regarding the state's accounts, where public accounting became went toward adopting:

- A new policy for inventory and asset management, aiming to transform the new public accounting system into a tool for results-oriented management.

- Promulgation of Law 23-07 on accounting and financial management rules. The key points brought about by this law:

- According to Article 114 of Law 23-07, public accounting is conducted through an integrated information system awaiting establishment. It allows for the management of total operations executed by accounting centers as per Article 81 of Law 23-07.

- Public accounting is conducted digitally, making it faster and more comprehensive as per Article 82 of Law 23-07.

- Article 80 of Law 23-07 states that public accountants are responsible for maintaining general accounting based on the commitment principle and derived from the International Public Sector Accounting Standards .(Algerian Official Gazette, 2023, p. 10)

### **The second requirement: The relationship between Organic Law 18-15 and the new Public Accounting Law 23-07 and the principles of the IPSAS standards:**

By studying Organic Law 18-15 and Public Accounting Law 23-07, it can be concluded and noted that reference has been made to the accounting principles stipulated in International Standard (IPSAS1) and the first standard according to the draft of state standards in Algeria.

#### **Subsection one: The relationship between Organic Law 18-15 and the principles of IPSAS standards:**

Through studying this law, reference has been made to the accounting principles included in these standards as follows:

- Reference was made to the principle of credibility of accounting information, which stipulates that the state's accounts

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must be regular and truthful and reflect honestly and faithfully its properties and financial position.

- Through the method of organization, conditions for readiness and registration of programs, methods of delegating and managing financial credits, as well as aspects related to the accounting code and registration techniques that allow maintaining accounts in a faithful, honest and transparent manner.

- Establishing the use of the accrual basis, which is compatible with the method of budgeting programs and performance.

- We also find among the reports attached to the draft finance law a report related to the approval of the state's accounts according to the principles of regularity, credibility. (Qadi and Muhammad, 2020, page 507).

**Subsection two: The relationship between the new Public Accounting Law 23-07 to the principles of the (IPSAS):**

By studying this law, it can be concluded that the accounting principles included in the international standards for the public sector were addressed as follows:

•**Public accounting is a system that allows organizing financial information:**that is through:

- entering, classifying, recording and monitoring data of budgetary, accounting and treasury operations with the aim of creating regulated and truthful accounts.

- When the financial statements are presented at the end of the fiscal year, they reflect the true image of the financial position, assets, and results.

- contributing to calculating the cost of activities or services, as well as evaluating their effectiveness. It is also organized to allow the processing of this information by national accounting, so that public accounting must be maintained using digital data, taking into account the conditions for preserving data, defining it, securing it, its credibility, and how to retrieve it.(Prepared by the researcher based on Law 23-07 on the rules of public accounting and financial management).

### **The third requirement: Future directions of the public accounting system in light of the adoption of IPSAS**

Several measures and initiatives have been taken, from both the practical side and the organizational side, to enable actors in the accounting sector to recognize and understand the content of International Accounting Standards in the Public Sector.

#### **Subsection one: from the practical side**

To improve the effectiveness and transparency of public resource management by adopting International Accounting Standards for the Public Sector, training courses and workshops were held for the benefit of accountants and managers active in the field of accounting to understand more about the content of accounting standards and ways to apply them.

**1- Conducting workshops on the International Public Sector Accounting Standards (IPSAS):** The Accounting Council, in conjunction with the regional office of the Voluntary Financial Services Authority of the United States of America, organized on February 1, 2, 3, 8, 9, and 10, 2022, an online training course on the International Public Sector Accounting Standards. The aim of which was to enable oversight professionals to master and learn about International Accounting Standards in the Public Sector. This will enable them to carry out financial audit tasks starting in 2025, with the aim of certifying the state's accounts.

**2-** Within the framework of implementing the work plan in the field of training and scientific research for the year 2023 of the Arab Organization of Supreme Audit Institutions (ARABOSAI), **the training on the topic “International Standards in Accounting” was launched on September 17, 2023.** This meeting aims to provide participants with knowledge of the basic principles of accounting and the requirements for their application and to enhance their abilities in the field of accounting recognition, issuance, and presentation of financial statements in light of international accounting standards, as the auditor's mastery over these standards enables him to issue an

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appropriate judgment about the transparency, credibility, and integrity of the financial data contained in the financial statements of public bodies and institutions. (Internal Media Bulletin of the Accounting Council, 2022, p. 19).

**3- Organizing a forum on future prospects for budget and accounting reforms in light of the Organic Law of Finance Laws on November 15, 2023** between the Accounting Council and its French and Portuguese counterparts. The pairing project aims to:

- consolidate effectiveness and efficiency; add more transparency and accountability in the use of public resources, and exchange expertise and experiences on budgetary reforms.
- Form a team of highly skilled accountants and auditors to audit the state's accounts (Forum on future prospects for budget and accounting reforms, 2023)

**Subsectiontwo: From the organization side**

In order to improve financial reporting and enhance transparency, which supports better decision-making:

- Both the administrative phase and the accounting phase will be integrated for revenue and expenditure operations within budgetary accounting, and tracking the management and consumption of commitment licenses and payment appropriations.
- Pending the establishment of an integrated information system, public accounting will include budgetary accounting, general accounting, and cost analysis accounting.
- Ensuring the development of information systems and programs to support accrual-based accounting and reporting.
- Working on an inventory of assets, movables, real estate, inventories, and non-fixed values at the national level so that the accounting entries for these properties can be recorded in the state's accounts, as stipulated in the standards.

- Issuing a public account for the state's financial and real property is a major step, as this transparency supports trust between citizens and the state regarding the use of public money.

**Conclusion:**

Given the complementary relationship between the budget and the government accounting system, modernizing the budget system is among the requirements that contribute to the development and modernization of the public accounting system by improving the information provided, according to the needs of the users of this information in accordance with International Accounting Standards for the Public Sector (IPSAS). This is what was actually embodied through budgetary reform, with the issuance of Organic Law 18-15 related to financial laws, followed by the issuance of Law 23-07 related to public accounting and financial management, which is based on moving to an accrual basis. This is evidence of the state's desire to keep pace with international developments taking place in the field of reforming public accounting system aimed at improving transparency and accountability. Based on all of the above, we reached the following results:

- The new accounting update is a quantum leap in the field of public finance in Algeria, and will respond and comply with international accounting standards. This is evidence of a clear strategy for the beginning of the actual application of international accounting standards IPSAS in accordance with the new system.

- The issuance of Law 23/07 on the rules of public accounting and financial management is an important step in terms of accounting reform, as accrual-based public accounting was introduced, inspired by international standards (IPSAS).

- Holding several training courses in the field of applying international accounting standards for the public sector for the benefit of qualified professionals in the accounting field, would



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facilitate the process of understanding and applying international standards in an understandable and clear manner.

**Study recommendations:**

- Adapting the state's draft accounting plan to the requirements of applying International Accounting Standards in the Public Sector based on the accrual basis.
- The possibility of preparing an information system that allows recording and integrating all the state's financial operations, starting from the base up to the highest level.
- Develop training programs and courses to train and qualify employees, especially at the level of decentralized administrative units that suffer from a lack of highly experienced employees in the field of public accounting.

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