

Identifying and Proposing Practical Holistic Approach for Governmental Capital Assets Recognition and Reporting from Experts Attitudes¹

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Research Paper

INTRODUCTION

Over the past three decades, the Holistic financial reporting of governmental capital assets has become a challenging issue. Based on the New Public Management practices, public sector entities are required to report to stakeholders in a model of the economic values for all capital assets under their control, but there is no comprehensive model for reporting governmental capital assets. The identification and recognition of Capital assets in the public sector is not an easy task since these assets have been existing for decades and have been acquired in different ways. This, in turn, makes the identification and valuation process of those assets more difficult. The main difficulty is that to record the assets the governmental entity not only has to know what assets it owns but it must also put a value on them. Unlike the private sector, where most accounting standards treat capital assets similarly, the nonprofit sector and the public sector continue involved with conceptual questions about capital assets. Over the last 20 years, some researchers and standard setters have made efforts to explain usage but public sector capital assets in the field of financial accounting has been remaining the subject of many challenges and debates. So this study aims to identify and propose a Holistic practical approach to the recognition and reporting of governmental capital assets.

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Research Questions

- 1-What is the necessity and importance of managing government capital assets?
- 2- How to recognize government capital assets?
- 3- What are the criteria for the recognition of government capital assets?
- 4-How to report government capital assets?

MATERIALS AND METHODS

This study aims to identify and propose a Holistic practical approach to recognition and reporting of the governmental capital assets using Delphi research and gaining the opinions of experts in this field. The research is a descriptive survey in terms of inferential method and correlational in terms of the type of research and applied and descriptive in terms of purpose. Depending on the type of research, a definition of the time domain will not be required. Suffice it to say that this research was conducted in 2021. The study population consisted of all experts in the field of public sector accounting with a focus on accounting for government capital assets. Due to the limited number of experts in this area snowball sampling was used to identify them and 21 experts have formed Delphi members. In this study, to determine consensus among panel members Kendall's coefficient was used. Kendall's coefficient of concordance (Kendall's W), is a consensus criterion representing the level of consensus between the participants. Kendall's coefficient of concordance ranges from 0 to 1, indicating the degree of consensus reached by the panel (strong consensus for $W > 0.7$; moderate consensus for $W=0.5$; and weak consensus for $W < 0.3$). In the case of yes and no questions, tests are developed based on two states non-parametric tests are used to analyze the data. The Binomial test is done for every single question. T-test is used to assess the severity of an agreement among experts.

RESULTS AND DISCUSSION

Findings showed that better management of capital assets is important and has several benefits. The purpose of the government in maintaining

government capital assets can be a good basis for asset recognition and based on this, economic assets and defense assets, and heritage assets are identified. Recognition of economic assets can be done based on criteria similar to the criteria for recognizing private sector assets. And due to the special nature of some governmental capital assets, two complementary criteria should be used to recognize these assets, including the absence of restrictions on the disposal and matching of assets to liabilities. In addition to financial reports, Requisite to capital asset Holistic reporting requires the preparation of non-financial reports for specific classes of these assets. Therefore, defense and social assets that do not meet the recognition criteria should be reported in defense and social reports in terms of physical units.

CONCLUSION

As mentioned before Reviewing the public sector accounting literature has shown that there are massive heterogeneous points of view concerning the recognition of governmental capital assets among the protagonists and antagonists whether they are researchers or standard-setting bodies. Accordingly, the recognition of government capital assets has become a highly problematic issue for the public sector entities holding those assets and remains an unresolved issue.

Some studies have focused on the accounting treatment of specific types of government capital assets, such as heritage assets, and military assets, and some others have taken a holistic approach. The mentioned holistic approach has not solved the problem from a practical point of view and is not in line with the recognition criteria set out in International Public Sector Accounting Standards 16 and 17. This research aims to eliminate the mentioned gaps by presenting the model of comprehensive practical presentation of Ouda (2016) and by entering this stage through the comprehensive scientific Delphi method for recognizing and reporting government capital. So according to the findings documented in the current research, the outline of the Practical Holistic Approach from the point of view of experts is described in the diagram (1).

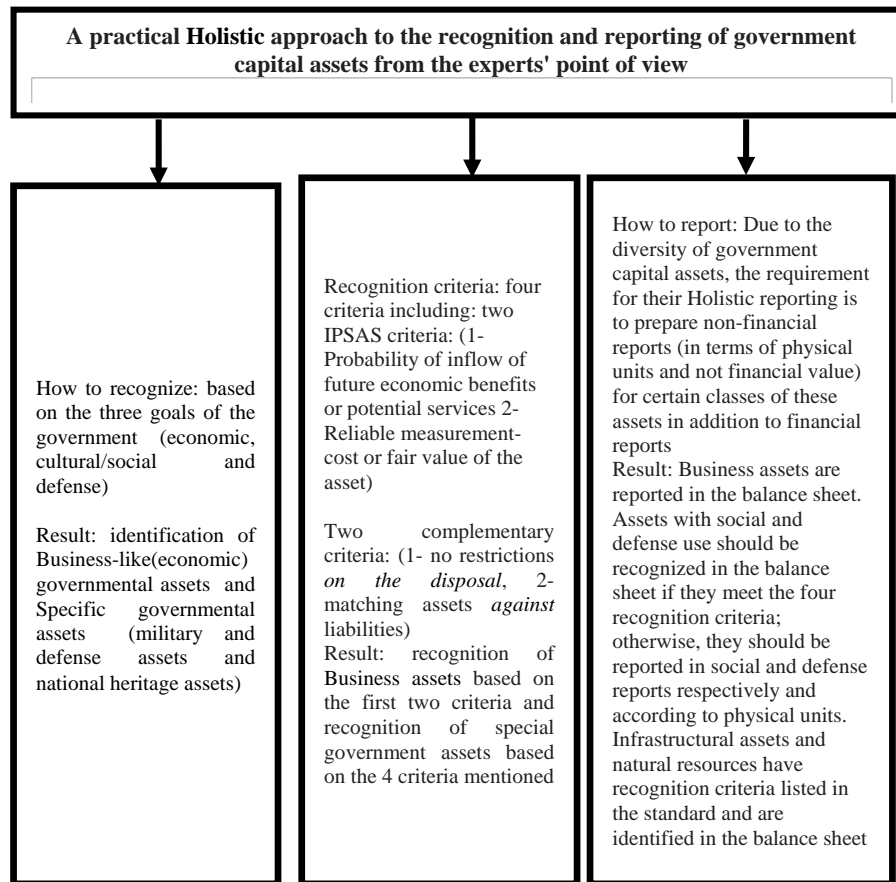


Diagram1. A practical Holistic approach to the recognition and reporting of state capital assets from the experts' point of view

Keywords: Governmental Capital Assets, Recognition, and Reporting, Practical Holistic Approach.

JEL Classification: M40, M48.

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