

Research Trends in Public Sector Auditing¹

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Received: 2023/05/15

Accepted: 2023/08/26

Research Paper

INTRODUCTION

The public accountability responsibility system consists of a set of sub-systems or active and purposeful systems that are the general elements of modern public management, and accounting and auditing play a role by interacting and communicating with each other as two subsystems of public accountability responsibility (Babajani, 2019). Citizens and their representative's use audited financial reports of the public sector to evaluate the public accountability of the government (Habshi, 1392). Auditors' reports containing comments on the status and results of financial and operational operations are prepared to fulfill the responsibility of accountability, therefore, auditing occupies a suitable place in the hierarchy of accountability, and the main role of auditing is considered to increase the credibility of accounting information (Watts and Zimmerman, 1986).

The recent financial scandals of public and government sector companies raise concerns about the quality and reliability of public sector audits. The Court of Audit, as the supreme supervisory body and independent auditor of the public sector in different countries, is the executive of the public sector audit and the regulatory arm of the legislature, so the audit process carried out by them goes beyond certification or accreditation (Hosseini Iraqi, 2011). The

1. DOI: 10.22051/JAASCI.2023.43779.1781

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managers of the public sector consider the audit conducted by the Court of Accounts as a cost and without added value because the reports most of the time provide suggestions about a series of historical data (Hegsey and Stafford, 2016).

There is a significant difference between the key factors of Iran's public sector audit system and developed and developing countries according to the experts of Iran's Accounts Court (Doost Jabarian and Babajani, 2019). Considering the existence of differences between the key factors of the public sector audit system, the study of the public sector audit systems established in developed and developing countries can determine the appropriate audit methods for the public sector of the Islamic Republic of Iran, considering its institutional situation. Budgeting, legal, and accountability help. In the current research, we are looking to investigate and determine what the direction of public sector audit will be in practice, and future audit research, we are trying in this direction. The purpose of this study is to show how audit research has developed and to identify avenues for future research in the field of auditing. The direction of public sector audit research has changed rapidly in the last four decades.

MATERIALS AND METHODS

To write this article, a review of articles published in domestic and foreign journals has been used. The research sample includes articles on public sector auditing that were published in accounting and public sector management journals between 1991 and 2020 for foreign journals and between 2001 and 2021 for domestic journals. To examine the research gap of foreign articles in the field of public sector auditing, a structured literature review is used to identify research opportunities for the future. Therefore, to answer the research questions, articles were extracted from Scopus and Web of Science according to keywords and publication date. Initially, 429 articles were identified from these databases, after removing several articles, the number of samples examined in the present study reached 199 articles. Normagz website was also used to extract articles related to public sector auditing in Iran, and after checking the keywords and titles of the articles, 32 articles were finally selected.

RESULTS AND DISCUSSION

The results of the study show that researchers' interest in public-sector auditing has increased and the scope of the research has expanded. Therefore,

it can be argued that this issue represents a transformation in the public sector in recent decades, due to the development of the institutional logic of public sector reforms, from traditional public management to modern public management. Among the research gaps of the research, the following can be mentioned. 1. The adoption of modern public management ideas has made the public sector universal. In addition, the number of hybrid organizations has increased, driven by government policies based on modern public management. These organizations create a whole new set of audit and accountability problems that have received limited attention in previous research literature. 2. Another research gap is the financial audit reports of the general (central) government and the reports of government agencies and decentralized institutions (Palot, 2003). 3. According to the review of internal and external research, another gap in the literature is related to the public sector audit in international organizations (for example, the European Union, the North Atlantic Treaty Organization, and the United Nations). 4. Modern public management in the last 40 years has significantly affected the downsizing of the public sector, the re-exercise of political control, and the introduction of new public management technologies in the public sector (Guthrie et al., 1997). At the same time, modern public management has transformed the auditing practices of the sector and made auditing a central organizing principle for society (Shore and Wright, 2015). Public sector organizations are increasingly focusing on metrics that evaluate their performance (efficiency, costs, and outcomes). 5. So far, no research has been done on the role of independent auditors in the field of reforming public sector units, and if the public sector units that are under investigation put pressure on the auditors not to carry out reforms, whether Can auditors be independent (Power, 1994)? 6. Previous public sector audit studies have sought to examine audit efficiency and effectiveness to analyze the possible relationship between audit fees and audit quality. However, recently, fraud, corruption, and ethical issues have emerged as key issues in this sector. While several articles have so far focused on these issues, this remains a fruitful topic for investigation. 7. Past research has generally adopted economic theories and other theories closer to the management logic of modern governance (such as psycho-sociological theories) (Cordary and Hay, 2021). 8. According to the reviews of the previous research, it was found that most of the research did not use any specific basis or theory, so the next research proposal is proposed as follows. 9. According to the topics raised in the field of the geographical field of public sector audit research, it seems that there is little research that examines and compares the

public sector audit in different countries, therefore, according to the mentioned content, it is suggested The next research is proposed as follows.

CONCLUSION

This article provides a comprehensive review of the public sector audit literature and discusses different perspectives over time. Also, the various reforms of the public sector presented during the study period are explained, and finally, by identifying the research gaps, research proposals will be presented. The findings of this research enrich the research literature on public sector audit and its results can be used by the state supreme audit Court. In this study suggestions for future research have been provided. 1. The above-mentioned organizations create a completely new set of audit and accountability problems that have received limited attention in the literature of previous research, so researchers are suggested to focus on the audit and accountability problems of these organizations in their research. 2. According to the mentioned research gap, researchers can consider how public sector organizations have changed the shape of auditing and accounting systems. 3. Researchers can investigate the role, identity, and influence of transnational audit institutions, such as the European Court of Auditors, which audits the finances of the European Union, in the public sector audit process. 4. According to recent statements, while the consequences of modern public management have been investigated in previous researches, the consequences of modern public governance in the public sector have been less investigated, and this issue is a path for future research. Researchers can consider how the shift in focus from “compliance” to “outcomes” has affected the audit performance of public sector organizations. And when organizations are evaluated in terms of economy, efficiency, and effectiveness, how have they performed? 5. According to the contents stated in the above section, it is possible to suggest conducting research on the independence of auditors in the public sector, when they interact with the employer. 6. According to the stated content, the next research proposal can be expressed in such a way that researchers should look for research on the ethical issues of auditors in the public sector, and public sector auditors should pay attention to this issue when facing ethical challenges. How do they react? 7. According to the conducted studies, it is suggested that future research can use the emerging currents of institutional (organizational) theories (such as institutional logic, work, and entrepreneurship) to analyze exogenous pressures on the public sector and the role of public sector auditors in promotion and development. Use accounting

and accountability changes in the public sector. The logic of institutional theory has the potential to be integrated with other theories to cover audit tools as they are implemented in everyday practices (Modell, 2009). Institutional logic can also be combined with institutional work and entrepreneurship to examine how audit practices are performed in the public sector (Moritsen, 2014). Institutional work can also be adopted to examine the internal dynamics and interactive nature of auditors' relationship with institutional change (Moritson, 2014). Additionally, the role of auditors who enable change (eg, institutional entrepreneurs) can be explored by considering their interests, identity, power, and legitimacy. 8. According to the stated content, it can be stated that further research on public sector audit can be done from multiple theories, system-oriented and economic theories, and other theories close to the management logic of modern public governance, such as psychosociological theories. use. 9. Future research on public sector auditing can examine public sector auditing in emerging economies in Africa, Asia, and South America, whether in single, multiple, or comparative country studies. In addition, there is little research on the role of the development initiative of the International Organization of Supreme Audit Institutions. (Gorrison, 2020). Researchers can also apply new research methods in the field of public-sector auditing. Multiple case studies and comparative country approaches, especially those using mixed methods, would be of interest.10. According to the stated contents, future studies can investigate international standardization and harmonization trends in public sector auditing. What auditing standards are set for public sector organizations and are these standards different for the private sector? How do we evaluate the quality of standards? Who sets the standards and what is their role in this field in general? Further research can also be done on international organizations of higher audit institutions. Because they act as an independent and non-political organization in the international community and support the development, cooperation, and improvement of the performance of supreme auditing institutions.11. According to the literature review of research related to this field, more studies can be done on the role of government, its power and its influence on higher auditing institutions at the level of each country. Researchers can also examine the independence of SAIs, how they report findings, media coverage, and their methods for following up on audit results. Therefore, more comparative studies can provide insight into the different roles of SAIs in policy-making and evaluation of public sector programs (Bonolo, 2019). 12. Based on the review of previous studies, it is suggested to research the role, identity, professional powers, and independence of auditors at different government levels (central,

regional, and local) and international organizations. Therefore, studies that discuss how to select, appoint, and pay auditors in public sector organizations and related decentralized institutions will be valuable for this field (Thomasson, 2018). 13. Finally, it can be said that according to the results of the research, we want to look more closely at the opportunities and costs of digitalization, digital technologies, and big data for public sector auditing, because information technology can strengthen the research power of public sector auditors. And increase transparency in their work (Antipoa, 2019). Digital technologies may also help prevent fraud and corruption in public sector organizations. However, many questions remain about how technological change will shape public sector auditing in the future. What kinds of technologies are likely to exist and how will they affect the field in the future? What are the potential benefits and risks for auditors and audit firms? Finally, new digital technologies will require audit firms and auditors to adapt quickly in the face of significant changes.

Keywords: Literature Review, Traditional Public Administration, Modern Public Administration, Modern Public Governance, Types of Audits.

JEL Classification: M42, M48.

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