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# IPSAS in the Municipal Sector of Iraq and its Importance of Optimal Use of General Funds in Provision of Services

*Las IPSAS en el sector municipal de Iraq y su importancia en el uso óptimo de fondos generales para la prestación de servicios.*

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### ABSTRACT

This document aims to clarify the concept of International Public Sector Accounting Standards (IPSAS), the scope of its application, the steps of its issuance, the interview with IAS and IFRS, and the importance of its adoption through the analysis of the latest international studies for the adoption of IPSAS and plans for future reform complying with these standards. The research took a deductive and analytical approach. The conclusions were the following: there is a global trend towards IPSAS. The number of countries that will adopt IPSAS in 2023 will be 107, which represents 72% of the proportion of successful experiences.

**Keywords :** IPSAS, Iraq, municipal sector.

### RESUMEN

Este documento tiene como objetivo aclarar el concepto de Normas Internacionales de Contabilidad del Sector Público (IPSAS), el alcance de su aplicación, los pasos de su emisión, la entrevista con las NIC y las NIIF, y la importancia de su adopción a través del análisis de los últimos estudios internacionales para la adopción de IPSAS y planes para futuras reformas que cumplan con estos estándares. La investigación adoptó un enfoque deductivo y analítico. Las conclusiones fueron las siguientes: existe una tendencia global hacia las IPSAS. El número de países que adoptarán las IPSAS en 2023 será de 107, lo que representa el 72% de la proporción de experiencias exitosas.

**Palabras clave:** IPSAS, Iraq, sector municipal

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## **INTRODUCTION**

In the face of the development and complexity of government activities, difficulties have arisen in many countries of the world in the interpretation of financial statements and use it for comparison purposes due to the different principles, methods and assets of their government accounting systems. They led some international professional organizations specialized in the field of accounting to encourage the establishment of a basis for compatibility between the various accounting systems. The IFAC recognized the need for a unified global accounting framework in the public sector. Through the issuance of international standards basically clarifies the terms of recognition, measurement, display and disclosure relating to transactions and facts in financial statements prepared for general purposes in institutions of the public sector around the world. In other words, in practice a framework of accounting standards is needed be responsible for providing guidelines for fair dealing rather than flexible accounting rules and techniques and to ensure, users to the integrity of the financial statements and reassurance, and Judging the validity, reliability, understanding and comparison of the information provide,

Therefore, most of the countries of the world have made radical reforms in order to increase efficiency to their accounting systems in response to the public's desire to obtain public services of higher quality, and to the conviction that the reform of public sector units starts from the development of accounting systems through the adoption of uniform international standards. Therefore, IPSAS standards can be considered as the cornerstone in achieving efficiency and sustainable development with the least effort and spending resources. As well as the possibility of benefiting from the experiences of some neighboring countries and similar to the economic environment of Iraq to some extent on how to deal with the problems that arise starting with the adoption of these standards.

Due to the expansion of public sector activity, and the municipal sector in particular, due to its wider role in providing services, especially tourism services resulted in a large increase in the volume of expenditures and the diversity of its fields and ravines and the diversity of sources. They abandon the adoption of the method of monetary basis in accounting measurement to follow the accrual basis for providing an objective vision for the safety of spending and show a clearer picture of assets and liabilities. However, this shift to Accrual basis without the adoption of specific standards has resulted in several problems in the application. Accounting processors present the financial statements, and create discrepancies with other countries in a way that hinders the comparison process, understanding the financial statements of its users, making decisions whether locally or even internationally by some external donors or at the level of consulting with a similar sector in other countries and enhancing cooperation. This requires the adoption of standards to ensure the validity of the transition to the basis of accrual and address current and future problems. This is provided by (IPSAS), so the problem of the research revolves around the adoption of the municipal sector in Iraq on an accounting system that does not guarantee the accuracy and correctness of accounting treatments and the presentation of financial statements. It weakens transparency and accountability despite the existence of global accounting standards for public sector units applying the accrual basis provides reliable financial statements through the accuracy and correctness of recognition, measurement and presentation which reflects on the exploitation of public money to provide municipal and tourist services .

The objectives of the research were to clarify the concept of IPSAS, the scope of its application, the mechanism and the steps of its issuance, its benefits and challenges, the importance of its adoption and interview with IAS and IFRS and to analyze the latest international studies of IPSAS accreditation and future reform plans to address these standards.

## METHODOLOGY

This research was adopted for the deductive and analytical approach through the theoretical concepts of IPSAS, analysis of its method of issuance and analysis of the latest study on the trend of countries around the world to adopt these standards

## LITERATURE REVIEW

### The emergence and concept of IPSAS

The International Public Sector Accounting Standards Initiative (IPSAS) began in 1996 when the International Federation of Accountants (IFAC) established the Public Sector Board (later renamed the International Public Sector Accounting Standards Board IPSASB) to develop international public-sector accounting standard in preparing general-purpose public sector financial statements worldwide based on the process of the International Accounting Standards Board, this initiative was supported by the International Monetary Fund, World Bank and the United Nations (Biraud, 2010). There were two phases in the standard-setting, the first stage was from 1996-2002, during which 20 international accounting standards were issued through the adoption and adaptation of the International Accounting Standard (IAS). The second phase, which began in 2003 and so far, there have been a series of standards issuances through the continued adaptation of IAS standards as well as the International Financial Reporting Standards (IFRS), in addition to focus on specific issues in the public sector. This is shown in Table 2 (Chan, 2006), (Chan & Zhang, 2012).

Accounting standards are the rules for the preparation of financial statements. They are generally accepted principles of accounting that define the type of information that should comprise the financial reporting and how they should be prepared and determine acceptable and unacceptable accounting practices (Gernon & Meek, 2001).

The philosophy behind accounting standards is that in order for financial statements to be useful, they must be understood by all users, It is therefore necessary to apply common accounting policies, principles or regulations established by qualified and independent professionals.

Therefore, the Authors believe that accounting standards can be defined in two directions:

**The first trend:** Guidance As the translation of the conceptual framework and accounting principles, it links objectives and concepts to practical applications.

**The second trend:** Guidelines As solutions that have been formulated and disseminated by studying the problems that have occurred in practical accounting practices and limiting their causes.

Note that the second trend is the exact opposite of the first trend, which starts from practical applications and ends with general principles, which is known as the approach based on rules. While the first trend starts from the principles and ends with practical applications, which is known as the approach based on principles.

Each trend has its advantages and disadvantages. The first trend is to develop accounting practices and develop solutions to problems that may occur in the future, but one of its disadvantages may produce standards that are not applicable in practice. The second trend ensures the practical application of the standards as they were formulated primarily from studying problems in existing accounting practices, but the disadvantage is to stay within the framework of those practices without development and develop solutions to problems that may occur in the future.

As for IPSAS refers to these as official statements that clarify the confession, measurement, display and disclosure terms that address operations and events in financial statements Related general purpose (IFAC, 2018). It can also be seen as general guidance leading to the rationalization and regulation of accounting work in government units (Minh, 2014).

Notes from the above, IPSAS is a practical set of rules and a series of generally accepted principles that represent the consensus of experts, bodies and professional organizations specialized in the field of accounting, uniting accounting practices globally by guiding the work of accountants, processors, presentation and full disclosure for the sake of improve the quality of the government's financial reporting on the results of the activity and preserving public money and providing high quality services, including tourism services.

The scope of application of IPSAS standards for all public sector units except government, businesses, and public sector units includes national and regional governments (e.g., state, territory), Local authorities (governorate, town) and relevant government facilities (agencies, councils, committees, companies), As for the Government Business Enterprise (GBE) which is excluded from the application of these standards instead applies (IFRS) which are adopted by the special sector. Government Business Enterprise, is defined in the IPSAS Standards as:

An entity that has the power to contract in its own name, Has been assigned the financial and operational authority to carry on a business, it sells goods and services during its normal course of business to other entities in return for profit or full cost recovery, not reliant on continued government funding, and controlled by a public sector entity (IFAC, 2016).

### The mechanism for issuing IPSAS

IFAC is responsible for the issuance of these standards by delegating authority to the IPSASB. The IPSASB adopts a formal issuance of these standards in consultation with the Consultative Group and provides an opportunity for feedback from IFAC member bodies, the auditors, and who prepare the financial statements, to date, 42 accounting standards have been issued on an accrual and one on a cash basis (IFAC, 2019). During the series some standards have been cancelled and replaced. The following table shows the cancelled and alternative standards:

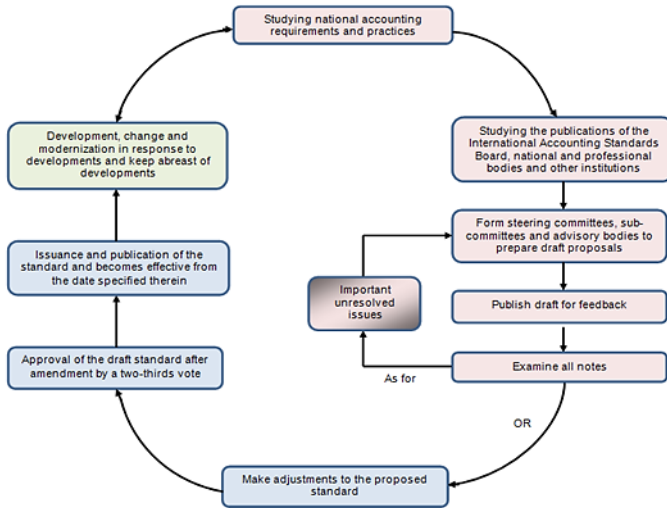
**Table 1.** Canceled standards and alternative standards

The number and name of the canceled standard	The number and name of the alternative standard
6 Consolidated and Separate Financial Statements	34 Separate Financial Statements 35 Consolidated Financial Statements
7 Investments in Associates	36 Investments in Associates and Joint Ventures
8 Interests in Joint Ventures	37 Joint Arrangements
15 Financial Instruments: Disclosure and Presentation	28 Financial Instruments: Presentation 29 Financial Instruments: Recognition and Measurement 30 Financial Instruments: Disclosures
25 Employee Benefits	39 Employee Benefits

Source: Preparation of Authors based on the issuance of standards until 2019 by the IFAC

It is clear from the previous table that the number of remaining or ongoing standards is (37) on an accrual basis.

These standards are issued through several steps, which can be summarized in the following figure:



**Figure 1.** Steps to Issue IPSAS  
 Source: Prepared by the Authors

It has to be mentioned here the IPSAS Issuance is highly dependent on adaptation of IAS and IFRS, as well as some public sector issues, so IFAC emphasized that "the IASB Conceptual Framework for Financial Reporting" Is an appropriate reference for users of IPSAS. The IPSASB is in the process of developing a conceptual framework for the public sector that when completed it will be an appropriate reference for users of IPSAS standards and other Board publications (IFAC 2018).

For this reason, the Authors reviewed IPSAS according to the years of its issuance to relate each of them with the (IAS) and (IFRS), which were adapted to the kind of the work of the governmental units in addition to the standards issued for the public sector activity, Table (2) shows That:

**Table 2.** IPSAS corresponding with IAS and IFRS

Year of issuing the standard	Number and name of the IPSAS	the standards Corresponding IAS, IFRS (propped as a basis in IPSAS adaptation)
2000	1 Presentation of Financial Statements	IAS 1 Presentation of Financial Statements
	2 Cash Flow Statements	IAS 7 Cash Flow Statements
	3 Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
	4 The Effects of Changes in Foreign Exchange Rates	IAS 21 The Effects of Changes in Foreign Exchange Rates
	5 Borrowing Costs	IAS 23 Borrowing Costs
	6 Consolidated and Separate Financial Statements	IAS 27 Consolidated and Separate Financial Statements
	7 Investments in Associates	IAS 28 Investments in Associates
	8 Interests in Joint Ventures	IAS 31 Interests in Joint Ventures
2001	9 Revenue from Exchange Transactions	IAS 18 Revenue
	10 Financial Reporting in Hyperinflationary Economies	IAS 29 Financial Reporting in Hyperinflationary Economies
	11 Construction Contracts	IAS 11 Construction Contracts
	12 Inventories	IAS 2 Inventories
	13 Leases	IAS 17 Leases
	14 Events after the Reporting Date	IAS 10 Events After the Balance Sheet Date

	15 Financial Instruments: Disclosure and Presentation	IAS 32 Financial Instruments: Disclosure and Presentation
	16 Investment Property	IAS 40 Investment Property
	17 Property, Plant, and Equipment.	IAS 16 Property, Plant, and Equipment.
2002	18 Segment Reporting	IAS 14 Segment Reporting
	19 Provisions, Contingent Liabilities and Contingent Assets	IAS 37 Provisions, Contingent Liabilities and Contingent Assets
	20 Related Party Disclosures	IAS 24 Related Party Disclosures
2004	21 Impairment of Non-Cash-Generating Assets	IAS 36 Impairment of Assets
2006	22 Disclosure of Financial Information about the General Government Sector	There are no corresponding IAS or IFRS, as they are standards issued for public sector activity.
	23 Revenue from Non-Exchange Transactions (Taxes and Transfers)	
	24 Presentation of Budget Information in Financial Statements	
2008	25 Employee Benefits	IAS 19 Employee Benefits
	26 Impairment of Cash-Generating Assets	IAS 36 Impairment of Assets
2009	27 Agriculture	IAS 41 Agriculture
2010	28 Financial Instruments: Presentation	IAS 32 Financial Instruments: Presentation (and Interpretation 2 International Financial Reporting Interpretations Committee (IFRIC))
	29 Financial Instruments: Recognition and Measurement	IAS 39 Financial Instruments: Recognition and Measurement (and interpretations 9, 16 of IFRIC)
	30 Financial Instruments: Disclosures	IFRS 7 Financial Instruments: Disclosures
	31 Intangible Assets	IAS 38 Intangible Assets
2011	32 Service Concession Arrangements: Grantor	Interpretations Nos. 12 and 29 have been adopted by the IFRIC
2015	33 First-time Adoption of Accrual Basis IPSASs	There is no corresponding IAS or IFRS, It is a standard issued for public sector activity.
	34 Separate Financial Statements	IAS 27 Separate Financial Statements
	35 Consolidated Financial Statements	IFRS 10 Consolidated Financial Statements
	36 Investments in Associates and Joint Ventures	IAS 28 Investments in Associates and Joint Ventures
	37 Joint Arrangements	IFRS 11 Joint Arrangements
	38 Disclosure of Interests in Other Entities	IFRS 12 Disclosure of Interests in Other Entities
2016	39 Employee Benefits	IAS 19 Employee Benefits
2017	40 Public Sector Combinations	IFRS 3 Business Combinations
2018	41 Financial Instruments	IFRS 9 Financial Instruments
2019	42 Social-Benefits	There is no corresponding IAS or IFRS, It is a standard issued for public sector activity.

Source: Preparation of Authors based on the issuance of standards until 2019 by the IFAC

It is noted from table (2) that the largest number of standards that have been adapted to the issuance of public sector standards are (IAS), It was (30) standards, which constitute 71% of the total standards issued to the public sector (42) standards, followed by IFRS by a percentage 17% (7) standards, and finally standards for public sector activity exclusively by a percentage 12% (5) standards.

### The role of the municipal sector in providing public and tourism services

Several indicators confirm that Iraq is a leading tourist center in the Middle East region due to its diverse history, civilizations and religious status. In addition to its geographical location in the presence of two rivers, marshes, lakes, orchards, mountains, green plains and summer resorts in northern Iraq which is known as rural tourism (Nethengwe, et. al., 2018) . There is no doubt that this requires the development of tourism services and the religious tourism sector in particular, The responsible for most of these services is the municipalities sector through providing services that maintain the cleanliness and beauty of cities and attention to green areas and waste treatment to maintain a clean and healthy environment in cities and tourist areas and secure the needs of citizens and tourists in those areas. Therefore, this study highlighted the importance of the municipalities sector adopting international standards that achieve optimal use of public money in

providing tourism services that encourage international tourism which is a panacea for economic, environmental and social issues (Musavengane, 2018).

### **The importance and benefits of IPSAS adoption, expected challenges and influencing factors**

The adoption of a single global accounting language for financial statements will ensure relevance, efficiency, understanding, reliability, timeliness, impartiality, comparability, transparency and accountability, resulting in accounting information is changed qualitatively and reporting that will enhance confidence and authorization of accounting information to investors and other users worldwide (Ahmad & Khan, 2010) .

And when applied to any new system, there will certainly be some challenges that need to be examined and preparing the necessary requirements to overcome them. Thus, when adopting and implementing public sector standards, some challenges will be met which, if not identified, may hinder efforts.

Whitefield & Savvas summarized some of the challenges and factors affecting IPSAS adoption, including technological challenges (ICTs and systems, technical training of staff, the accountant's skills in programming languages and the ability to use computer technologies), organizational challenges (related accounting skills Implementation of standards, right understanding by staff of financial information developed using standards, training employees for implementing standards, assignment of adequate human and financial resources, management's decision and commitment to adopt accrual basis, organizational structure Communication, and channels for effective implementation of standards), financial challenges (the high cost of adoption of these standards, staff training costs, the costs of adding more units and hardware and software required for the application of standards) (Whitefield & Savvas, 2016), (Agyemang) has endorsed previous challenges and added the effects of applying international public sector standards on curriculum changes in different educational institutions (Agyemang, 2017).

While (Biraud) attributes the inability of the application of IPSAS in the entire world because of the different application environment, where in developed countries public sector units have reached high levels of transparency, accountability and accounting with regard to the use public money and steer it well, and it is much different in Developing countries Given the absence of governing institutions, accountability and accountability, and the many aspects of waste of public resources and the widening of the corruption gap between developed and developing countries, and that the shift to the basis of entitlement affects the normal working practices, so the subject of the adoption of standards is no less Cultural Revolution (Biraud, 2010).

As is clear, opinions differ on whether the cost of implementation, training, skills required and legal, political and administrative concerns are obstacles to the full adoption of IPSAS, the fact there is a lack of empirical evidence as to whether these factors are impediments the adoption of IPSAS. Or not (Augusto, 2018).

Otherwise, in Iraq, there may be challenges of resisting change, especially as the accounting systems currently in place are familiar to many employees who find it difficult to move to other procedures and Processors as required by these standards, in addition to the possibility that the ruling authorities do not encourage or oppose the application of IPSAS for reasons related to the absence of the intended institution In order to act of public money more space provided by the current accounting systems.

On the basis of what has been shown, it is clear that one of the challenges that are relied upon by the authors and researchers in this field is the financial challenges represented by the high cost of adopting standards, In this regard, the researchers believe that the aforementioned advantages achieved by these standards push towards overcoming the financial challenges .This means when conducting a cost-benefit analysis of the adoption process, the cost here is the cost of applying the standards and the benefit is to preserve the public money and optimize its use in improving the level of services provided Including tourist services . In the same saied, (Augusto) noted that costs cannot be cited as the core component affecting of IPSAS implementation, as they can be large or small depending on the modifications difference in the system and legislation, human resource development, Adoption can take place on an approach requiring minimum capacity-building activities and lower costs than other reform requirements. Summarized the requirements for the success of these standards to a training plan,

commitment and participation, a clear implementation strategy, transition time, and external support (August, 2018).

### International Response to IPSAS

The IPSASB does not have the authority to compel governments and public bodies to comply the IPSAS requirements. Rather, it is optional to States that wish improving the quality of government financial reporting through the implementation of internationally recognized criteria to ensure the credibility and transparency of government entities' financial statements and improve their quality and make them comparable to different public sector units at the international level. It also recognizes the right of governments to adopt their own national standards, but it greatly encourages and urges the adoption of IPSAS standards to achieve international consensus and convergence (IFAC, 2018).

Noting that they require full compliance, where cannot describe Government financial statements that they comply with these standards if none of their conditions are fully met, and auditors should verify that.

(Chan) noted that IPSAS is primarily geared to their adoption by developing countries, as most developed countries have IPSAS-similar government standards or more stringent than IPSAS, until if their national standards are different from IPSAS, they are less vulnerable to external pressure to adopt these standards than developing countries, where the World Bank and other donors support the application of IPSAS standards when providing loans and grants to developing countries. However, these standards were not only for developing countries, it can be concluded that they were intended to be the main beneficiaries, and therefore it is puzzling that these countries did not stress their early adoption (Chan, 2006).

In the latest IFAC study with Chartered Institute of Public Finance and Accountancy (CIPFA) in collaboration with Zurich University of Applied Sciences as a knowledge partner was on 28/2/2019, during this study the International Financial Accountability Index was developed to monitor the quality of public sector financial reports worldwide. In addition to plans for future reform, the index currently focuses on central federal governments and will be expanded in the future to include state or province and local governments. Through this indicator, countries are classified based on the accounting basis used (cash, accrual), future reform plans up to 2023 (Whether to move from cash basis to accrual or IPSAS adoption), and the standards adopted in the preparation of public financial statements. Are national standards similar to IPSAS and more stringent than it, or IPSAS standards directly, or national standards based indirectly on IPSAS ([www.ifac.org/ipsfai](http://www.ifac.org/ipsfai) On 12/3/2019). Table (3) shows the results of this study:

**Table 3. Basis and adopted accounting standards and plans for future reform until 2023**

Number of countries	Accounting basis and standards adopted	Countries
10	Adopts the cash basis According to their national standards	Bulgaria, Germany, Ireland, Luxembourg, Montenegro, Mozambique, Netherlands, Pakistan, Sao Tome and Principe, and Singapore.
15	Adopts the accrual basis According to their national standards	Canada, Denmark, United States, France, Finland, American Samoa, Guam, Central Africa, Hong Kong, Japan, Micronesia, Marshall Islands, Moldova, Northern Mariana Islands, and Palau .
16	In the transition process from cash basis to accrual According to their national standards	Italy, China, Greece, Hungary, Argentina, Lebanon, Mexico, Poland, Senegal, Romania, Seychelles, South Africa, Slovenia, Togo, Tuvalu, and Eswatini.
5	Indirectly adopt the cash-based standard of IPSAS by adapting their national standards	India, Nepal, Uruguay, Belize, and Somalia .
12	Indirectly adopts IPSAS based on accrual by adapting their national standards	Taiwan, Cook Islands, Korea, Ecuador, Estonia, Lithuania, Paraguay, Philippines, Spain, New Zealand, Sweden, and Turkey.
22	In the transition process from cash basis to accrual basis and indirect adoption of accrual-based IPSAS by adapting their national standards	Azerbaijan, Armenia, Antigua and Barbuda, Bahamas, Brazil, Gili, Bolivia, Colombia, Czech Republic, El Salvador, Ghana, Indonesia, Israel, Russia, Madagascar,



		Slovakia, Sri Lanka, Thailand, Uganda, Uzbekistan, Vietnam, and Vatican.
15	In the process of transition from their national standards to indirect adoption IPSAS	Malaysia, Aruba, Bangladesh, Belarus, Belgium, Burkina Faso, Gabon, Haiti, Malta, Portugal, Ukraine, Saint Lucia, Saint Vincent and the Grenadines, Sierra Leone, and Tunisia.
15	directly adopt the cash-based standard of IPSAS	Anguilla, British Virgin Islands, Ivory Coast, Fiji, Laos, Lesotho, Liberia, Malawi, Montserrat, Nicaragua, Papua New Guinea, Serbia, Solomon Islands, Zambia, and Cyprus.
5	directly adopt IPSAS	Nigeria, Peru, Cayman Islands, Switzerland, and Tanzania
10	In the transition process from cash basis to accrual basis and direct adoption of IPSAS	Barbados, Bosnia and Herzegovina, Burundi, Cambodia, Gambia, Kazakhstan, Mauritius, Kenya, Turks and Caicos Islands, and South Sudan
7	In the process of transition from indirect adoption to direct adoption of IPSAS based on accrual	Ethiopia, Georgia, Honduras, Panama, Rwanda, Guatemala, and Botswana.
5	In the process of transition from their national standards to direct adoption the cash-based standard of IPSAS	Angola, Jamaica, Guyana, Macedonia, and Maldives.
11	In the transition process from their national standards to direct adoption of IPSAS based on accrual	Dominican, Iceland, Jordan, Mali, Kyrgyzstan, Mongolia, Trinidad and Tobago, Vanuatu, Zimbabwe, and United Arab Emirates.
148	Total (Note British and Australia adopt IFRS in the public sector)	

Source: Preparation of Authors based on a study of (IFAC & CIPFA, 2019) [www.ifac.org/ipsfai](http://www.ifac.org/ipsfai)

	National standards
	Indirect adoption for IPSAS
	Direct adoption for IPSAS

It is noticeable from the table above that the number of countries that adopt the basis of accrual is (32) country, which constitute (22%) of the total countries, while the number will be (113) country in 2023 to represent (76%), these results illustrate the positive effects of the efforts to transition to accrual basis in the future globally.

At the level of adopted standards, notes the number of countries that currently adopt IPSAS standards whether directly or indirectly, is (37) countries, which represents (25%) of the total number of countries and will become (107) countries in 2023 to constitute (72%), this indicates plans Future reform towards the transition to accounting accrual basis and the adoption of international public-sector accounting standards, either directly or indirectly, as it relates to the ability to make good decisions and achieve transparency and enhance accountability.

It is also noted that Iraq is far from even the countries that are in the process of adopting these standards where it is not included in the study, but can be kept up with these international trends towards the adoption of IPSAS.

The role of adopting standards in the municipalities sector in achieving transparency, accountability and optimal utilization of public funds to provide public and tourism services.

The government financial reports are a translation of the actual use of public resources under approved appropriations and are useful when they are based on a uniform, verifiable basis that is understandable, comparable, and a measure of accountability, As such, the adoption of IPSAS unifies the rules, reduces interpretations, and identifies disclosures that help demonstrate Public entity's efficiency and efficacy in the management of funds and service delivery, which improves resource allocation by public institutions, thereby supporting a strong governance framework through transparency and enhanced accountability (Wang & Miraj, 2018), In this regard, Transparency International indicated that cases of institutional fraud and irregularities are mainly financial reports that do not reflect reality, revenue amplification, Misappropriation of assets, and

irregular transactions. This provides a reason for adopting more appropriate accounting standards that are able to reduce these risks and focuses on transparency and accountability in the use of state resources and thus the achievement of public interest and this supports the assertion that IPSAS represents the most appropriate form of reporting in relation to the use of public funds, especially in Developing countries where corruption is more prevalent (Salia and Atuilik, 2018)

Therefore, there is a great opportunity for strategic thinking and restructuring of municipal and tourism services by exploiting public resources by improving the accounting and control system (Ngwira & Bello, 2018)

Accordingly, the reform of the government accounting system by adopting approved international standards is part of improving public financial management, whereas the relationship between government accounting and national development results from the interaction between supply and demand for government transparency and accountability. Consequently, a sound government accounting system is an important part of a country's institutional infrastructure because it contributes to social and economic development through its impact on public financial management and accountability and the provision of audit pathways to prevent and detect financial misconduct. In view of the spread government corruption in many developing countries (Chan, 2006).

## **CONCLUSIONS**

On the basis of the above, there is a global trend towards IPSAS, showing the increasing number of countries that will adopt IPSAS in 2023 to be 107 Of the total 148 countries to constitute 72%; it is a large percentage. It also increases the number of countries that will apply the accrual basis instead of cash basis to become 113 countries in 2023, a percentage of 76%. This indicates the successful experiences of some countries and the importance of adopting uniform international standards and the resulting data meet the needs of their users and keep pace with development and standardization at the global level.

Therefore, the adoption of these standards in Iraq is going to lead to standardization of accounting practices in government units especially in the municipal sector and put an end to the interpretations in disputed issues that are not addressed by the accounting systems currently in force, as well as achieving harmony and interaction with the international environment and gain confidence in the objectivity of the data issued by the State. It is also done to ensure understanding of government financial statements by many users including donors, and to benefit from the experiences of other countries, whether in addressing problems or preparing adoption requirements, which ultimately is reflected in raising the efficiency and effectiveness of using public resources to provide high-quality municipal and tourist services that are appropriate for Iraq's location as a country that many tourists visit at all times.

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