

ACCOUNTING AND MANAGEMENT CONTROL IN LOCAL GOVERNMENT

MSc Degree in Municipal Management

Code: 24901

Main Scientific Area: Accounting and Financial Reporting

Lecturer: Agostinha Patrícia da Silva Gomes

Language of Instruction: Portuguese

Regime: S2

Contact Hours: 30h Total Workload: 110h

ECTS: 5,0

Objectives

The central objective of this Curricular Unit is to provide skills in the field of Management Accounting and Control in local governments (CCGAL), focusing on the development of models and instruments on the rise in the public sector, in particular in local government, after the paradigm of New Public Management. The development of cost and management accounting systems, namely taking into account the provisions of Public Accounting Standard 27 of the SNC-AP, the allocation of indirect costs, the importance of the ABC method, the Balanced Scorecard model and the development of performance management systems based on key performance indicators are some examples of practices and models to be studied.

Learning Outcomes

The knowledge and skills to be developed are the following:

- a) Understand the importance of CCG in improving the performance of organisations (general framework), and specifically in the context of Local Authorities, either in supporting decision-making or in promoting the accountability function;
- b) Understand the need to adapt corporate accounting and management control tools to the reality and environment of local government;
- c) To study the public accounting standard 27 of the SNC-AP on management accounting: concepts, objectives, models, costing systems, disclosures;
- d) To address the characteristics and specificities in the development of some CCG tools on the rise in the public sector, namely performance indicators, including indicators to measure financial sustainability, the Balanced Scorecard and cost accounting systems;
- e) Develop a critical spirit in the various subjects analysed that leads to the perception of the best practices to be adopted, depending on the context and the organisational culture.

Course Contents

Chapter I: The role of management accounting in the public sector: aims, objectives and limitations

- i. Introduction to management accounting: concepts and characteristics
- ii. Management accounting versus traditional accounting systems
- iii. Management accounting within the New Public Management (NPM) paradigm
- iv. Purposes of management accounting for the sustainability of public entities
- v. Limitations/difficulties of implementing management accounting systems in public organisations

Chapter II: Cost and management accounting system in the public sector

- i. Cost and management accounting systems since the POCP
- ii. Public accounting standard 27 - management accounting: concepts, objectives, costing systems, indirect costs, disclosure;
- iii. Activity-based costing system (ABC method)
- iv. The role of the ABC system in the determination of local authority rates
- v. Difficulties and limitations of management accounting in local authorities

Chapter III: Organisational performance measurement systems

- i. Purposes and characteristics of performance measurement systems
- ii. The organisational mission and strategic objectives as a starting point
- iii. Performance measures and indicators from a multidimensional perspective
- iv. The usefulness of non-financial measures as a complement to financial measures
- v. Indicators to measure financial sustainability

Chapter IV: The Balanced Scorecard in Local Government

- i. Origins and purposes of the model
- ii. Adaptation of the model to public entities
- iii. The purpose of the strategy map
- iv. Case study on the Balanced Scorecard in municipalities
- v. The Assessment and Accountability Framework (AARF) and the BSC
- vi. Limitations of BSC implementation in Public Administration

Recommended Bibliography

AECA (2002). Un Sistema de Indicadores de Gestión para los Ayuntamientos. Documento nº 26 da Asociación Española de Contabilidad y Administración de Empresas (AECA).

- Almeida, José Rui (2005). Contabilidade de Custos para Autarquias Locais – Modelo para o Sector Público Administrativo (2ª edição). Porto: Vida Económica.

- Ferreira, Domingos; Caldeira, C.; Asseiceiro, J. e Vicente, C. (2014). Contabilidade de Gestão: estratégia de custos e de resultados. Lisboa: Editora Rei dos Livros.

- Gomes, A. Patrícia; Carvalho, João B.; Ribeiro, Nuno e Nogueira, Sónia. (2008). O Balanced Scorecard na Administração Pública. Lisboa: Publisher Team.

- Gomes, P. (2011). “A relação entre o contexto, o uso de práticas de medida e gestão de desempenho e o desempenho organizacional: evidência empírica no setor público”. Tese de Doutoramento em Contabilidade, disponível em <http://repositorium.sdum.uminho.pt/bitstream/1822/12485/1/Agostinha%20Patricia%20Silva%20Gomes.pdf>

Joannidès de Lautour, V. (2018). Management Accounting in the Public Sector. In: Strategic Management Accounting, Volume II. Palgrave Macmillan, Cham. https://doi.org/10.1007/978-3-319-92952-1_4

- Manual de Implementação do SNC-AP (2ª versão). (2017). Disponível em http://www.cnc.min-financas.pt/pdf/SNC_AP/MANUAL%20DE%20IMPLEMENTACAO_SNC_AP_Versao2_HomologadoSEO.pdf

- Martins, Ana. (2017). Contabilidade de gestão nas administrações públicas. Editora Rei dos Livros.

- Niven, Paul. (2003). Balanced Scorecard Step-by-Step for Government and Nonprofit Agencies. John Wiley Sons.

- Pinto, Francisco. (2009). BSC: Alinhar Mudanças Estratégicas e Performance nos serviços públicos. Edições Sílabo.

- Poister, T. (2003). Measuring Performance in Public and non-profit organizations. São Francisco: John Wiley Sons, Inc.

- Van Helden, J. northcott, D. (2010). Examining the practical relevance of public Sector management accounting research. Financial Accountability Management, 26(2), May 2010 (disponível no moodle).

Learning and Teaching Methods

The syllabus contents were defined based on the objectives to be achieved for this UC, as well as the competences to be acquired by the students. The coherence between these two parameters is exemplified below.

In order to understand the importance of Accounting and Management Control in improving performance and the role of these practices in the current context of reform of Local Authorities in Portugal, the first programme contents were introduced. These contents aim to show how the new public management model has driven the need to introduce in the public sector in general, and in the local government in particular, a new accounting information system that emphasises the development of accounting and management control practices, with a view to improving organisational performance. On the other hand, the understanding of the adaptations necessary for the implementation of these practices in the political-administrative context of municipalities will be addressed in the second chapter, in particular taking into account the approval of public accounting standard 27 in the context of the approval of the SNC-AP.

The objective of addressing the characteristics and specificities of the practices on the rise in the public sector is provided for in the syllabus on the definition of the organisational mission and strategy, the measurement of performance from a multidimensional perspective and the use of practices such as the Balanced Scorecard, Activity-Based Costing, benchmarking and QUAR. A perspective of adaptation of these practices to the context of municipalities should always be given. The analysis of practical cases should be favoured in this component for a greater capacity of students to acquire the desired skills.

Finally, the objective aimed at developing a critical spirit in the various subjects analysed is foreseen in all syllabuses since it is intended to make a continuous discussion, if possible based on practical cases, as the various themes are presented. Discussion groups, videoconferences and face-to-face seminars will allow for a better fulfilment of this objective.

Assessment Methods

A continuous assessment model is adopted.

Students will be assessed according to the following components and their respective weighting in the final classification:

- a) Individual work to be presented at the end of the UC (deadline to be defined) - 60%;
- b) Presentation of the work (prior to the delivery of the final report) - 20%.
- c) Participation in the defined activities (forums, videoconferences, face-to-face seminars) - 20%.

The final classification will be the one resulting from the weighted average of the classifications obtained in the evaluation system mentioned above, by applying the following formula:

$$\text{Final classification} = a*60\% + b*20\% + c*20\%$$

The minimum grade for approval to the UC is ten values (10).

To pass the curricular unit, the student must have at least 9 points in the final grade of the individual work.

For students who submit to assessment in the exam season or special season, the same method applies, varying

only the dates of delivery of the final work that will be those listed in the exam calendar date.