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Difficulties of municipalities in the cearense metropolitan region in adhering to the public accounting convergence process: a multi-study

Dificultades de los ayuntamientos del Estado de Ceara para adherirse al proceso de convergencia de la contabilidad pública: un estudio multicaso

Dificuldades dos municípios cearenses em aderir ao processo de convergência da contabilidade pública: um estudo multicaso

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Abstract

Objective: The purpose of this multi-case study is to evaluate the perceptions of Brazilian municipalities regarding the process of convergence of public accounting to international standards, initiated in 2008, considering the importance of these federated entities in the primary provision of public goods and services to society.

Methodology: It was based on the application of a questionnaire with structured questions applied to the finance departments in 7 (seven) municipalities of the Metropolitan Region of Fortaleza. In addition to this aspect, the municipalities were selected based on the state's GDP and the level of public investments made by them.

Results: The results were considered consistent by emphasizing that 71% of the municipalities started the convergence process within the deadline established by the National Treasury Secretariat (STN), however only 43% stated they were prepared to apply the NBCASP. One of the main related difficulties refers to the lack of investment in training for the technicians involved and of their own systems to operate the changes determined by the STN.

Contributions of the Study: Effectively, the research proved real difficulties experienced by part of the surveyed municipalities that can compromise the progress of the convergence process in Brazil, aspects which were not considered in the researches previously carried out.

Keywords: Convergence Process. Public Accounting. Evaluation. Multi-Case Study. Metropolitan Region of Fortaleza (CE).

Resumen

Objetivo: El propósito de este estudio de casos múltiples es evaluar las percepciones de los municipios brasileños con respecto al proceso de convergencia de la contabilidad pública con los estándares internacionales, iniciado en 2008, en vista de la importancia de estas entidades federadas en la provisión primaria de bienes y servicios públicos para la sociedad.

Metodología: Se basó en la aplicación de un cuestionario con preguntas estructuradas aplicadas a los departamentos de finanzas en 7 (siete) municipios de la Región Metropolitana de Fortaleza. Además de este aspecto, los municipios fueron seleccionados con base en el PIB estatal y el nivel de inversiones públicas realizadas por ellos.

Resultados: Se consideraron consistentes al demostrar que el 71% de los municipios comenzaron el proceso de convergencia dentro del plazo establecido por la Secretaría del Tesoro Nacional (STN), sin embargo, solo el 43% declaró que estaban preparados para aplicar el NBCASP. Una de las principales dificultades relacionadas se refiere a la falta de inversión en capacitación para los técnicos involucrados y de sus propios sistemas para operar los cambios determinados por el STN.

Contribuciones del estudio: Efectivamente, la investigación demostró dificultades reales experimentadas por los municipios encuestados que pueden comprometer el progreso del proceso de convergencia en Brasil, aspectos que no fueron considerados en los trabajos anteriores.

Palabras clave: Proceso de Convergencia. Contabilidad Pública. Evaluación. Multicaso. Región Metropolitana de Fortaleza (CE).

Resumo

Objetivo: O presente estudo multicaso tem por objetivo avaliar as percepções dos municípios brasileiros quanto ao processo de convergência da contabilidade pública às normas internacionais, iniciado em 2008, tendo em vista a importância destes entes federados na prestação primária de bens e serviços públicos à sociedade.

Metodologia: Baseou-se na aplicação de questionário com perguntas estruturadas aplicadas às secretarias de finanças em 7 (sete) municípios da Região Metropolitana de Fortaleza. Além deste aspecto, os municípios foram selecionados com base no PIB estadual e no nível de investimentos públicos por eles realizados.

Resultados: Foram considerados consistentes em evidenciar que 71% dos municípios iniciaram o processo de convergência dentro do prazo estabelecido pela Secretaria do Tesouro Nacional (STN), porém apenas 43% declararam-se encontrar preparados para aplicar as NBCASP. Uma das principais dificuldades relacionadas se referem a falta de investimento em capacitação para os técnicos envolvidos e de sistemas próprios para operarem as alterações determinadas pela STN.

Contribuições do Estudo: Efetivamente a pesquisa comprovou dificuldades reais vivenciadas por parte dos municípios pesquisados que podem comprometer o avanço do processo de convergência Brasil afora, aspectos estes não considerados nos trabalhos anteriormente realizados.

Palavras-chave: Processo de Convergência. Contabilidade Pública. Avaliação. Multicaso. Região Metropolitana de Fortaleza (CE).

1 Introduction

Due to the globalization process of international markets in the last decades, there was a need to expand and unify the pattern of accounting information around the world and therefore facilitate the understanding of financial information of countries, investors, entrepreneurs and the population itself. In Brazil, the modifications in the normative accounting structure were initiated in the private sector in the year of 2006, followed by Law 11,638 (2007), which amended the Law of stock companies, and by Directive no 184 (2008) of the Ministry of Finance, which started the convergence process in the public sector.

Specifically on the governmental sphere, the country embraced the convergence process instead of the harmonization of the International Public Sector Accounting Standards (IPSAS). The first one can be distinguished from the second one due to the integration of the international standard through the targeted amendment of aspects in the regulation registered, while in the harmonization the national law is replaced by the international standard.

For a little more than two decades, the only legal basis for public accounting in the country is the Federal Law 4,320 (1964) which restricts the public sector to the study of budget and financial statements. One of the steps taken by the Brazilian government towards modernizing the control of public finance was the advent of Complementary Law 101 (2000), also known as Law of Fiscal Responsibility (LRF), which proposed to incorporate fiscal and responsible management of public accounts.

However, public accounting has not solved its main problem: the lack of harmonization of the accounting information that allows inconsistent records, misunderstanding of the

situations portrayed by financial reporting and mistaken evaluation of the budget which strives for a hybrid accounting scheme (revenue = Cash; expense = Modified Competence). In this regard, the convergence of the public accounting regulations to the international standard presents itself as a solution to these historical issues.

According to Barbosa *et al.* (2016), the convergence process makes comparability easier and reduces the information asymmetry amongst financial statements in different countries. It can be observed that the main changes aim to refine and take public accounting closer to its real subject – public assets, to incorporate the principle of competence to the daily situations it evinces, to demonstrate the significance of cost management and to enable greater efficiency in cost management for the process of decision-taking and accountability.

Associated with the internationalization of public accounting, achievements in the process of public transparency are suggested. Quintana *et al.* (2011) understands it as a way society can monitor and report governmental actions that demonstrate doubts before existing regulations. In other words: it consists in the importance that the citizen acquires before public management and the increased responsibility political players take on the production of financial reports.

Therefore, considering factors such as location and economy, seven municipalities of the Metropolitan Region of Ceará were chosen for this research: Aquiraz, Caucaia, Eusébio, Horizonte, Maracanaú and São Gonçalo do Amarante, as well as Fortaleza. The problematic under study is defined by the following question: what are the main difficulties reported by the municipalities of the Metropolitan Region of Ceará, specifically the seven municipalities evaluated regarding the convergence of public accounting regulations to international standards?

Considering this question, the main goal is to identify which aspects are indicated by the municipalities researched when facing the convergence process of Brazilian public accounting. Thus, the specific objectives are: 1) analyze the main changes that occurred in the normative structure of Brazilian public accounting; 2) identify situations considered by the municipalities as obstacles to adhere Brazilian Accounting Standards Applied to the Public Sector (NBCASP); 3) compare the data of the municipalities surveyed and highlight positive and negative aspects of the adaptation process.

The relevance of this research can be justified by the evaluation of the convergence process of international public accounting standards in the Brazilian scenario. Researches are necessary to demonstrate the difficulties experienced and the adoption of necessary measures to promote possible adjustments by Brazilian subnational entities, since it has not yet been concluded.

This research is structured in five sections: 1) Introduction; 2) Literature Review, which aims to understand the historical background and the regulatory basis of the adjustments in public accounting; 3) Methodology, in which the methods used in the research are specified; 4) Analysis and discussion of the results, when an analysis of the data aroused by the research will be performed; and 5) Conclusion.

2 Literature Review

Initially, public accounting in the country was regulated by Decree 4.536 (1922), being subsequently published Law 4,320 (1964), which consists on the main mechanism of enhancement, interpretation and analysis of budget and accounting statements for all federal entities to date.

Towards modernization of Brazilian public accounting the National Treasure Secretariat (NTS) was created through Decree 92.452 (1986), whose main objective was to strengthen

public finances. Considering the need of organization in the public sector, Piscitelli and Timbó (2014) emphasize the significance of the systematization of information process in public entities in order to guarantee the monitoring and control by citizens.

In 1987 the integrated system of the federal government financial management (SIAFI) was implemented. One year later, the National Treasure Secretariat promoted the replacement of *Banco do Brasil's* Operational Account of the Federal Government with the National Treasury's Single Account with *Banco Central*.

In the late 1990s, the international convergence process of accounting standards was started. First regarding companies; second, directed to the public sector. Referred to as International Public Sector Accounting Standards (IPSAS), the initial standards were edited in 1997 and aimed to guide countries in the elaboration and interpretation of financial statements, considering the international standards established by International Financial Reporting Standards (IFRS).

In Brazil, the convergence process of public accounting to the international standards had the edition of Resolution 1.103 (2007) by the Federal Accounting Council as its starting point, followed by Ordinance of MF 184 (2008) which assigned to the National Treasure Secretariat the promotion of the convergence to the international standards of accounting published by the International Federations of Accountants (IFAC).

Therefore, the Federal Accounting Council published the first Brazilian Accounting Standards Applied to the Public Sector, known as NBC T 16.1 to NBC T 16.10 (2008), in which are presented structural concepts in public accounting. Along the same lines, the National Treasure Secretariat published, in the same year, the first edition of the Accounting Manual applied to the Public Sector – MCASP (2018).

The convergence process of public accounting to international standards resulted in the creation of the Brazilian Standards applied to the Public Sector (NBCASP), previously known as NBC T. A meaningful event was the establishment of the unified accounts plan (PCASP), which happened due to the lack of standardization of the financial statement of public entities and became mandatory in the year of 2014. Another notable change consisted on the emphasis given to the patrimonial aspect, unlike the budgetary focus highlighted throughout the years by Law 4,320 (1964). It was decided to combine both information, however focusing on the usage of the first model.

Nowadays, more than fifty countries, including Brazil, are processing the implementation of the International Public Sector Accounting Standards as a guide to draft their own accounting regulations. In Brazilian accounting, the beginning of convergence became mandatory at the end of fiscal year 2014, being the Federal Accounting Council and the National Treasure Secretariat responsible for carrying out the process.

Several studies have emerged the irreversibility of the behavioral change among professionals of the public sector due to the incorporation of the International Public Sector Accounting Standards converged, while another line of research has approached results of the impact of the prevailing standards in the country.

Ribeiro and Bizerra (2011) evinced that 83% of the professionals surveyed believe in the benefits and advantages that these adjustments will effect. On the other hand, Silva *et. al* (2011) highlighted the uncertainty felt by part of the public managers regarding the changes suggested, due to the lack of more consistent knowledge about the updates or the disregard when it comes to regulation adherence.

In order to demonstrate challenges and gains facing the implementation of the new norms, Nascimento *et al* (2015) and Piccoli and Klann (2015) revealed that the difficulties were related to the fact that the surveyed did not consider themselves, technically, prepared, while the main

gain listed was the adoption of a single accounts plan, aiming to standardize the accounting practices in the country.

Along the same line of evaluating the implementation process of the IPSAS in Brazil, Lima and Lima (2019) observed that, although initiated in 2008, the reform in the country is still in an early stage. Based on the institutional theory, the authors concluded that the process lacks the involvement of the stakeholders (CFC, TCU and STN – acronyms in Portuguese). Staff shortage and economical and cultural aspects among the country's regions were pointed as challenges, especially in municipal governments, whose difficulties are more related to practical barriers than properly to barriers of a conceptual order.

Regarding the adherence of the regulations itself by the federal entities, NBC TSP Conceptual Structure was the first norm to be converged and published by the Federal Accounting Council in 2016, and presents fundamental concepts for the application of further regulations. Therefore, Nunes and Lima (2017) define it as the “norm of the norms”, considering that its where the conceptual basis for the elaboration and interpretation of public accounting statements is found.

Castro (2016) opted to identify possible features of Brazilian states that may explain their level of disclosure (ID) after adopting the NBCASP. Analyzing several variables (budget revenue, transfers of resources, GDP, Firjan's development index and Human Development Index), the significance of the first two (*p-value* 10%) was found as an explanatory feature of Development Index.

In Brazil, some projects researched the individual development of specific norms. Nascimento, Almeida and Viotto (2019), when evaluating the adherence of NBC TSP 03 (provision, contingent assets and liabilities) (correlated with IPSAS 19) in capitals of Brazilian states, observed that the representativity of provisions increased from 15% to 61%, while the contingent liabilities remained constant at around 1%. On the other hand, the dissemination of information of the three items in explanatory notes was considered insufficient, being the contingent assets the scarcest indicator.

Nevertheless, Araújo (2018) emphasized the patrimonial aspect of stocks as a common component among all entities of the public sector when measuring the application of NBC TSP 04 (correlated with IPSAS 12), while Moro, Porteira and Cavazzana (2019) stressed the significance of the fixed asset as an active cash generator, based on the exam of NBC TSP 07 (correlated with IPSAS 17). The analysis of NBC TSP 08 (correlated with IPSA 31) by Araújo and Leitão (2018) revealed that one of the major difficulties for the purpose of control and evidence of intangible assets, consisted on the lack of legal rights.

From the international point of view, the adoption of IPSAS is seen as a unique opportunity to improve the public information system, most importantly due to its existent diversity around the world.

Hence, a study performed by Christiaens *et al* (2015) in 59 countries and jurisdictions of the European Union, compared the adoption of IPSAS in countries of the so-called old Europe, in terms of central and local government, with European countries that entered the block more recently. The result identified diverse adoption of the standards between the two groups, notably favorable to the last, what can be explained by the influence the International Monetary Fund has on its economies and the progress of structural reforms in these governments.

Along the same line of identifying barriers and stimuli for the application of IPSAS in 37 countries of American and European continents, Brusca and Martínez (2016) exposed similar percentage in the research universe, eight of which were European countries and seven

American. The research revealed that the significance attributed to American countries is greater, even though there are no efforts to compare them in terms of similar organization structures. The country's interest in maintaining the control through national standards when compared to the use of IPSAS stood out as the major obstacle, as well as the cost to adopt them.

Jones and Caruana (2016), when analyzing the adoption of IPSAS in Malta, a small country of the European Union, identified that the decision to apply the standards was not directly related to the pressure from the European block in modernizing the accounting system used in Malta, but to credibility and legitimacy issues acknowledged by the own country. The results showed two main aspects for the implementation: the possibility that the country is subjected to more external pressure than other countries and the communication process developed with Eurostat, which would be facilitated by the adoption of IPSAS, instead of the usage of domestic regulations.

A research carried by Brusca, Gómez-Villegas and Montesinos (2016) in countries in Latin America sought to identify which are the stimuli and effects for the implementation of IPSAS in the continent. The results demonstrated that Peru, Costa Rica, Colombia, Brazil, Chile and Uruguay have started the adoption process, while another ten were evaluating which decision to take. For the authors, the isomorphism process based on the institutional theory would be the explanation used by Colombia and Peru to justify the usage of IPSAS. The major stimuli observed referred to the modernization of the accounting systems used to enhance the transparency and the content of financial statements.

Unlike these researches, in New Zealand, where the international accounting standards had been already indistinctly implemented for all sectors (private, public and third sector), the aptitude of the International Financial Reporting Standards for the public sector was enquired. The study performed by Laswad and Redmayne (2015) found a high number of opinions about the utility of the financial reports elaborated according to IPSAS regarding the costs of elaboration, highlighting the statement of income, and the adoption of the cash method as being one of the least useful.

Furthermore, the deadline provided to complete the adaptation process and to finish the implementation of new standards is the year of 2023. However, it is important to observe the scenario of Brazilian public entities to understand the evolution process towards the implementation of these standards. Taking that into consideration, this research developed a multi-study with municipalities of the Metropolitan Region of Fortaleza, aiming to comprehend the development of the adaptation process and the major difficulties experienced by the municipalities embraced by this study.

3 Methodological Procedure

This research was developed through the deductive method, which, according to Gil (2017), uses true and unquestionable principles as a structural basis to reach specific knowledge. Thus, both the law that supports public accounting structure in the country (Law 4,320/64), and the NBCASP edited by the Federal Accounting Council after the beginning of the convergence process were used to perform the multi-study engaging the Metropolitan Region of Fortaleza.

The technique of research used is the comparative method (Marconi and Lakatos, 2017) and descriptive according to Prodanov and Freitas (2013). It may also be considered as

qualitative, since, as suggested by the same authors, the major source of data is the environment studied itself, besides not focusing on statistics.

According to Martins and Teophilo (2016), this study can be considered bibliographic and documental. Beyond the normative basis of public accounting (Law 4,320/64 and the NBCASP), a questionnaire was applied to the municipalities involved.

Unlike the study case – particular aspect of the study object –, the multi-case was chosen, due to its potential to produce more convincing evidence, being seen as stronger. It involves the conduction of research in specific groups, which replication and non-sampling allow the possibility of similar results (YIN, 2001). Thus, seven municipalities (Aquiraz, Caucaia, Eusébio, Horizonte, Maracanaú, São Gonçalo do Amarante and Fortaleza) located in the Metropolitan Region of Fortaleza were defined as study group for this multi-case, selected considering their GDP volumes and higher public investments by the State.

The data collection technique used was the questionnaire, composed by open and closed-ended questions, as shown in Table 1. The application was carried out as a field research, with the performance of interviews face-to-face, by e-mail and directed to Chief Financial Officers or Accounting Managers of each municipality during the period of November 2018 until July 2019. The data was processed, basically, using descriptive statistics.

Table 1

Script of the questionnaire applied

Questions	Specifications
1. How many employees are part of the Accounting Sector?	Public servant Comissioned Outsourced Apprentice/Intern
2. Out of these employees, how many have any type of academic background (technical course, graduation, post-graduation, master, doctorate)?	Higher Education (Complete Course)
3. Does the municipality offer – or has it offered before – qualification to its employees (courses or lectures) about the changes that have occurred in the standards of public accounting?	This year In the last year Prior to two years Never
4. Since what year has the municipality started the adjustment of public accounting to the international standard?	On schedule Late
5. Was there change in the systems to bear the execution of the financial, budgetary, accounting and expenses? Which systems are used to support?	Own system Outsourced system
6. How is the accrual or cash method applied to Income and Expenses? Specify which regime is applied to each tax: IPTU ¹ , ISS ² and ITBI ³ . Application of Accounting Regimes (MCASP, 8th ed., part I, item 4).	Meets resolution Does not meet resolution
7. What are, currently, the main difficulties encountered to apply the changes occurred in public accounting standards?	List the main difficulties
8. The municipality considers itself prepared to apply the standards of public accounting, in the convergence process to international standards?	Yes No
9. Has the use of the NBCASP, even if partial, provided behavioral changes related to analysis and interpretation of accounting statements? If so, how?	Yes No

Source: Elaborated by the authors.

4 Results and Analysis

According to Kohama (2014), the continental level of Brazil may incur in regional imbalance regarding the process of integration and consolidation of the information concerning its planning and budgeting. Therefore, this research aims to identify the major difficulties of Brazilian municipalities when facing the convergence process of public accounting to international accounting standards (IPSAS).

A list of municipalities (Aquiraz, Caucaia, Eusébio, Horizonte, Maracanaú, São Gonçalo do Amarante and Fortaleza) was selected, considering the highest GDPs in the State, concentration in the Metropolitan region and high power of public investment. Tables 2 and 3 evince the socioeconomic data and the descriptive statistic of the municipalities involved in the study.

¹ Property Tax;

² Services Tax;

³ Property Transfer Tax.

Table 2

Socioeconomic data of the municipalities involved (Ceará - 2016-2018)

Municipalities (CE)	Ranking (2016) Total GDP in the State of Ceará	Gross Domestic Product (GDP) 2016 (R\$)	GDP Per Capita 2016 (R\$)	Total of collected revenue 2017 R\$ (x 1,000)	Total of engaged expenses 2017 R\$ (x 1,000)	Estimated Population 2018
Fortaleza	1°	60,141,145.20	23,045.09	6,810,527.07	6,525,657.82	2,643,247
Aquiraz	8°	2,144,231.95	27,336.65	244,006.62	197,501.40	79,563
Caucaia	3°	5,435,899.18	15,177.12	629,854.17	553,796.33	363,982
Eusébio	6°	3,067,946.99	59,097.86	281,098.32	251,597.09	52,880
Horizonte	9°	1,450,387.88	22,426.48	193,783.18	175,778.48	66,114
Maracanaú	2°	8,084,735.88	36,223.88	724,429.98	657,108.10	226,128
São Gonçalo do Amarante	7°	2,354,173.44	49,259.77	252,306.83	219,614.33	48,516

Source: Elaborated by the authors.

The analysis of both tables reveals the interference of the data regarding Fortaleza in the structure of the descriptive statistic, as shown below.

Table 3

Descriptive parameters of socioeconomic data among the municipalities studied

Descriptive Statistic	GDP Per Capita	Total of collected	Total of engaged
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	Gross Domestic Product (GDP) 2016 (R\$)	2016 (R\$)	revenue 2017 R\$ (x 1,000)	expenses 2017 R\$ (x 1,000)	Estimated Population 2018
Mean	11,811,217.22	33,223.84	1,305,143.74	1,225,864.79	497,204.29
Median	3,067,946.99	27,336.65	281,098.32	251,597.09	79,563
Minimum Value	1,450,387.88	15,177.12	193,783.18	175,778.48	48,516
Maximum Value	60,141,145.20	59,097.86	6,810,527.07	6,525,657.82	2,643,247

Source: Elaborated by the authors.

Table 4 (Questions 1 and 2) demonstrates the employee composition in the accounting sectors of Finance Departments, considering aspects such as the workforce distributed in groups (public servant, outsourced, interns, etc.). Within the group, the percentage of outsourced (58%) is striking when compared to public servants, what highlights the vulnerability of financial statements, since they are under the responsibility of employees unrelated to public administration.

Another noteworthy data is the number of employees with complete higher education, especially in São Gonçalo do Amarante (CE) that achieved the percentage of 100% and, on the other hand, Aquiraz (CE) that only reached 40%, which is an alarming situation since all of the municipalities are part of the metropolitan region.

Table 4

Workforce in the Accounting Department

Municipality (CE)	Public Servant	(%)	Comissioned	(%)	Outsourced	(%)	Apprentice/ Intern	(%)	Total	Higher Education	Higher Education (%)
Fortaleza	9	33%	4	15%	11	41%	3	11%	27	15	56%
Aquiraz	3	60%	-	0%	2	40%	-	0%	5	2	40%
Caucaia	1	9%	1	9%	9	82%	-	0%	11	8	73%
Eusébio	-	0%	-	0%	4	100%	-	0%	4	2	50%
Horizonte	4	57%	-	0%	2	29%	1	14%	7	3	43%
Maracanaú	-	0%	3	20%	12	80%	-	0%	15	8	53%
São Gonçalo	3	33%	1	11%	5	56%	-	0%	9	9	100%
TOTAL	20	26%	9	12%	45	58%	4	5%	78	47	60%

Source: Data based on the research.

Table 5 was organized according to questions 3 to 9 from the questionnaire and demonstrates the municipal adherence to the convergence process of the NBCASP.

The data emphasize that 71% (Question 3) of the municipalities studied complied with the deadline determined by the NTS regarding the adoption of the single accounts plan (PCASP) and the new format of public accounting statements (DCASP). However, it is important to highlight that 29% of the municipalities started the process late.

As for the conduction of training courses for interested employees, 86% (Question 4) of the municipalities provided some type of training. According to the research, only 29% (Question 4) of the municipalities offered their last course in 2018 (the year this study began),

43% (Question 4) in 2017, 14% (Question 4) prior to two years, and another 14% (Question 4) have never made any type of training available for employees of the accounting sector.

The data also revealed that only 14% (Question 5) of the municipalities have their own system for financial, accounting, budget and cost execution, emphasizing that this is the major difficulty reported by 57% (Question 7) of the municipalities, since 86% (Question 5) still use an outsourced system for the routine of the accounting sector. Furthermore, another difficulty listed by 43% (Question 7) of the municipalities was the lack of investment in employee training, considering that public accounting standards are constantly changing. The exception refers to 14% (Question 7) of the interviewees that did not consider any difficulty in the adaptation process.

Base on the 8th edition of MCASP (part I, item 4), which deals with the adoption of the accrual method for public accounting, the applicability regarding the following municipal taxes as analyzed: IPTU, ISS and ITBI. The research concluded that 86% (Question 6) of the municipalities still do not fully meet this determination. The main divergence found regards the collection of revenues, bearing in mind the difficulty in recognizing the moment of the taxable event for the taxes applied.

Probably due to the difficulties listed, 57% (Question 8) of the surveyed entities still do not consider themselves prepared to apply the NBCASP. Nevertheless, all of them agreed that the convergence process has promoted structural changes for the employees involved, especially regarding the analysis and interpretation of the financial reports, greater data management, mandatory use of explanatory notes and a focus change for public accounting: from the budget to the patrimonial aspect.

Table 5

Multi-case study of Municipalities in the Metropolitan Region of Fortaleza (CE)

Issues approached	Nº of Municipalities	%
Adaptation		
On schedule	5	71%
Late	2	29%
Training		
This year (2018)	2	29%
Last year (2017)	3	43%
Prior to two years	1	14%
Never	1	14%
Support System		
Own	1	14%
Outsourced	6	86%
Application of accounting regimes (MCASP, 8 th edition, Part I, item 4)		
Meets MCASP	1	14%
Does not meet MCASP	6	86%
Major difficulties		
Lack of its own system or of information integration in the system	4	57%
Investment towards employee training	3	43%
Other	5	57%
None	1	14%
Prepared to apply the NBCASP		

Yes	3	43%
No	4	57%
Changes in the analysis of financial reporting		
Yes	7	100%
No	0	0%

Source: Data based on the research.

4.1 Specific Aspects

This topic deals with the examination, by comparison, of the municipalities that did not consider themselves prepared to apply the NBCASP (Group I) and, on the other hand, the municipalities that answered to be prepared for the adoption of the NBCASP (Group II).

a) **Group I** - *municipalities that do not consider themselves prepared to apply the NBCASP*

According to the research, 57% (Table 5, Question 8) of the surveyed (Aquiraz, Horizonte, Maracanaú and São Gonçalo do Amarante) declared that they do not consider themselves to be in a position to adopt the normative changes that have been occurring in public accounting.

Out of these, except for Maracanaú, all the other municipalities provided training courses in the year prior to the beginning of the research (2017). Regarding the beginning of the adaptation to the converged norms, Horizonte and Maracanaú were the only ones that did not meet the deadline established by the NTS. Furthermore, it is possible to emphasize that the entire Group I uses systems supported by outsourced companies to perform their daily routines, which has been compiled in Table 6.

Table 6
Adaptation process of Group I

Municipalities (CE)	Training	Adaptation	Support System
Aquiraz	2017	2013	Outsourced
Horizonte	2017	2015	Outsourced
Maracanaú	Prior to two years	2015	Outsourced
São Gonçalo do Amarante	2017	2012	Outsourced

Source: Data based on the research.

Table 7 below demonstrates that Horizonte is the only municipality to follow the accrual method (MCASP, 8th edition, part I, item 4) in relation to takes and expenses under municipal jurisdiction, when compared to the other municipalities in Group I. The other entities are following the use of the principle of competence for revenues and/or expenses only partially, demonstrating a greater difficulty for revenues (Maracanaú and São Gonçalo do Amarante) in comparison to expenses (Aquiraz).

Table 7
Application of accounting regimes in Group I

Municipalities (CE)	IPTU	ISS	ITBI	General Expenses
Aquiraz	Cash	Hybrid	Hybrid	Hybrid
Horizonte	Accrual	Accrual	Accrual	Accrual
Maracanaú	Cash	Cash	Cash	Accrual
São Gonçalo do Amarante	Cash	Cash	Cash	Accrual

Source: Data based on the research.

Table 8 confirms that one of the major difficulties mentioned by Group I lies in the lack of its own system and/or information integration between the existing systems. Besides that, the municipalities allege that the lack of investment towards the training of the professionals involved results in their inability to frequently meet the constant changes in public accounting. Despite not considering themselves prepared, the municipalities in this group concluded that there were changes in the analysis and interpretation of the financial statements when faced with the convergence process, which ended up benefiting the quality, timeliness and transparency of the accounting information.

Table 8
Evaluation of municipalities in Group I

Municipalities (CE)	Major difficulties		Change in the analysis of DCASP
Aquiraz	Personnel and system structure	Investment towards employee training	Yes
Horizonte	Lack of its own system	Investment towards employee training	Yes
Maracanaú	Lack of information integration in the system	Investment towards employee training	Yes
São Gonçalo do Amarante	Lack of information integration in the system	Little inspection by the State Audit Court	Yes

Source: Data based on the research.

b) Grupo II: municipalities that consider themselves prepared to apply the NBCASP

According to the research, 43% (Table 5, Question 8) of the interviewees (Fortaleza, Caucaia and Eusébio) considered themselves to be in a position to adopt the normative changes that have been occurring in public accounting.

Table 9 shows that, except for Eusébio, which claims to have never offered training courses related to the convergence process, the other municipalities in Group II have provided courses for their employees in the year of the beginning of the research (2018). Besides, it is important to highlight that all the municipalities that considered themselves prepared to apply the NBCASP started the adaptation process within the deadline stipulated by the NTS. Considering the system used for accounting routines, Fortaleza stands out as the only one to have its own support.

Table 9
Adaptation process of Group II

Municipalities (CE)	Training	Adaptation	Support System
Fortaleza	2018	2014	Own
Caucaia	2018	2014	Outsourced
Eusébio	Never	2013	Outsourced

Source: Data based on the research.

Despite the result above, out of the municipalities in Group II, only Fortaleza approached the adoption of the accrual method (MCAPS, 8th edition, part I, item 4) to evince its expenses and taxes (IPTU, ISS and ITBI). The only exception stated was related to ITBI, since its registration is carried out by cash method. Caucaia and Eusébio only apply the accrual method to expenses, considering that revenue is recorded only on receipt, that is, by cash method.

Table 10
Application of accounting regimes in Group II

Municipalities (CE)	IPTU	ISS	ITBI	General Expenses
Fortaleza	Accrual	Accrual	Cash	Accrual
Caucaia	Cash	Cash	Cash	Accrual
Eusébio	Cash	Cash	Cash	Accrual

Source: Data based on the research.

Table 11 evinces the difficulties experienced by Group II in implementing the new system. In general, the situations declared as impediments revolve around the available labor, the insufficient accounting knowledge, and the lack of integration between the systems. It is noteworthy amongst the surveyed, the lack of similarity between the problems observed, specially the fact that Eusébio was the only one that did not report difficulties facing the adaptation process, although all members of the group have declared changes in the analysis and interpretation of the financial statements.

Table 11
Evaluation of municipalities in Group II

Municipalities (CE)	Major difficulties		Change in the analysis of DCASP
Fortaleza	Employee Turnover	Lack of accounting knowledge by employees	Yes
Caucaia	Lack of information integration in the system	Assets Measurement	Yes
Eusébio	-	-	Yes

Source: Data based on the research.

5 Final Considerations

The research aimed to identify aspects considered to be impediments for the adoption of the convergence process of public accounting in Brazilian municipalities. Considered as central entities in the provision of public services and supply of goods to the community, they are also expected to be reliable regarding the accounting and tax information produced.

To carry out this research, the Metropolitan Region of the State of Ceará was selected, opting for municipalities with the highest public investments and GDPs among Ceará's municipalities. Based on the results, a clear difference between the behavior of the formed clusters was noticed: Grupo I - Aquiraz, Horizonte, Maracanaú and São Gonçalo do Amarante; Group II - Fortaleza, Caucaia and Eusébio.

The general results demonstrated that 71% of the municipalities started the convergence process within the deadline established by the NTS. The behavior clearly shows the noncompliance with the convergence norm. The expectation was to achieve a result of entirety (100%), since the standard is mandatory, therefore, any other result indicates the defiance towards normative guidance.

It was noted that the training process is one of the main issues to be solved. It was observed that only 29% of the studied municipalities offered training courses in 2018, the year of the beginning of the research. This result makes it possible to prospect the difficulties that will arise with the convergence process, mainly due to the wide range of information that needs to be learned by the employees involved, which are still very dependent on the General Budget and Public Accounting Law (Law 4,320/64). Notably, the situation reveals to be concerning regarding small municipalities due to their known lack of technical training.

According to the research, 86% of the municipalities have outsourced support system. This feature represents the best confirmation of the lack of interest of municipal administrations in qualifying their own employees, since they hire companies to carry out accounting services of the city halls. It is important to remember that these companies had high employee turnover among the municipalities in which they provide services, situation that can be explained due to the renewals resulting from the electoral process.

According to the study, 57% of the municipalities listed the lack of their own system of information integration as one of the main difficulties in the process of adaptation to the NBCASP and 43% listed the lack of investment towards employee training. Both results are consistent with the outsourced accounting model used by most Brazilian municipalities.

It is understood that it would be counterintuitive for the municipalities to invest in computerized systems or to train their own staff if they already bid a package of accounting services with outsourced companies. However, this decision may end up compromising the current convergence process of public accounting in the country, since the new system is not limited and goes beyond the adoption of new accounting procedures. A characteristic example is the integration between accounting and taxation systems, as pointed out in the study.

It was already expected that the change in the accounting method would be considered as a big challenge by part of the surveyed, specifically, by applying the accrual method to expenses and revenues. It was reported that the municipalities experience difficulty in accounting for revenues in terms of recognizing the moment the taxable event occurred. Again, the difficulty was associated with the lack of technical knowledge and little and/or no integration of accounting and tax systems.

Besides, the urge to greater supervision by the State Court of Auditors (TCE) regarding the compliance with the application of accounting standards by the municipalities due to the changes in public accounting is defended.

It is important to emphasize that the results of this research are limited to the present multi-case study of the Metropolitan Region of Fortaleza, and cannot be generalized to other

municipalities and regions. A similar study in other regions of Brazil is recommended, or after the convergence process final deadline, estimated for 2023, what can enable a comparative analysis of the proposed versus implemented changes.

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