



The Role of Adopting International Public Sector Accounting Standards (IPSASs) in Achieving Financial Sustainability for Universities

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Abstract:

The research objective is to determine whether using the International Public Sector Accounting Standards (IPSASs) has any impact on assessing the financial sustainability of public universities. The research assesses the role played by financial sustainability in maintaining, expanding and how well the services are executed through public universities. Additionally, considering the occasional and future challenges of the information that supplied by the accounting system. The government accounting system applied in Iraqi public universities suffers from the lack of information for those in charge of setting financial policies up in those universities when assessing financial sustainability. To achieve the objective of the research, a questionnaire was designed and distributed to a sample of holders of postgraduate degrees who have sufficient academic qualifications and experience, the sample included 126 academics and professionals. The analysed results reveal that financial sustainability has a great role in elevating the quality and sustainability of the university learning outcomes in public universities. Also, the current government accounting system that is based on the monetary basis suffers from several deficiencies in assessing financial sustainability. The results also show that IPSAS implementation based on the accrual method would contribute to the evaluation of the public university financial sustainability by providing information, which reflects the financial situation and the outcome of the activity in a fair manner by means of improving both the relevance and credibility of representing accounting information and the objectivity of financial statement informational content.

Paper type *Research paper*

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1.Introduction:

For decades, it has been proven that the level of education within a country is key for developed countries. as the different ways and means of creating knowledge and managing it effectively have been highlighted globally, where the higher education has become the main resource for developed countries, ultimately encourages sustainable growth. When trying to accomplish the higher education goals, monetary support must be provided and the accounting system should be applied through which higher education institutions can assess their financial sustainability. This enables the higher education institutes to cope with the economic fluctuations and emergency conditions that may have an impact on the outcomes of higher education. Given that public universities in Iraq are subjected to the government accounting system based on cash, which does not provide a comparison between efforts (costs) and the achieved results (revenues). This results in several difficulties for stakeholders for both assessing the financial performance and achieving of the financial sustainability of public universities.

1.1 Literature Review:

Public universities in Iraq are non-profit service institutions; therefore, previous studies focused on the financial sustainability, including IPSASs, of nonprofit institutions There are studies that discussed the first variable IPSASs, such as a study by Ijeoma (2014) which demonstrated the impact of adopting IPSASs on the reliability, credibility and integrity of financial statements in the Nigerian public sector. The study concluded that adopting and implementing (IPSASs) would revolutionize government accounting in a country like Nigeria where corruption is widespread, and it also increases the reliability, credibility and integrity of financial statements in government units and improving effective internal control and financial management based on the exploitation of public resources. On the other hand, adopting these standards enhances the government's goal of providing services in a more effective and efficient manner and the possibility of accountability by citizens, thus eliminating corruption and enhancing transparency in the government manages public funds. Lidiya and Anna (2018) focused on the issues that associated by the application of IPSASs in Russian universities. A sample of nine Russian universities participating in the Russian Academic Excellence Project for the period 2014-2015 has been chosen to boost the Russian academic level and promote five universities on minimum among the participants in the list of the highest-ranking academic institutions worldwide based on reliable global rankings (QS, times higher education and ARWU). These issues are represented in reporting the net assets in the financial statements of pertaining to academic institutions' the value of lands and real estate owned by the Russian Federation. Russian Federation grants the operational management of universities the right to use them without disposing of them, lands and real estate acquired by the university and has the right to possess and dispose of them, as well as reporting about information related to sources of revenue. Since the financial sustainability of universities depends largely on revenue, whether it is money provided by the government or revenue generated from the activities it carries out and processed consistent with Standard 9 "Revenue from Exchange Transactions" , meaning the transactions that are provided for cash return. and the standard 23 "Revenues from non-exchange transactions", exchanges which provided free of charge or for a small fee, which professional judgment performs an essential function in classifying those revenues. The study recommends the need to use a unified approach for financial statement preparation as a means of guaranteeing the possibility of comparison with each of the other Russian universities and international universities. Sharba and Al Baldawi (2020) analyzed the importance of adopting IPSAS, they showed that there is a global trend towards applying these standards, also, the number of countries that adopt them will increase in 2023 to 107 countries out of 148 countries, and the percentage of countries that apply the accrual basis instead of the cash basis will increase to 76%. The study showed that adopting IPSAS in Iraq will lead to many benefits, including

unifying accounting practices in government units, especially in the municipal sector, putting an end to controversial issues that are not addressed by the government accounting system currently in place, achieving harmony and interaction with the international environment, and gaining confidence in the objectivity of data issued by the state, as well as understanding government financial statements by many users, including donors, and benefiting from the experiences of other countries in addressing problems or preparing preparation requirements. These benefits ultimately assist in raising the efficiency and effectiveness of the use of public resources, and providing municipal services and high-quality tourism commensurate with Iraq's location as a country visited by many tourists. Qumo (2021) clarified the importance of international public sector accounting standards as a necessity to unify public accounting practices and protect public money, by presenting international public sector accounting standards and the reflection of their application on transparency in the management of public money. The study indicated that international public sector accounting standards seek to achieve increased Efficient performance of institutions, developing systems to reduce fraud, conflicts of interest, and unacceptable behavior, developing systems to monitor the performance of those institutions, developing a structure that determines the distribution of all rights and responsibilities, and defining rules, procedures, and plans related to the workflow within the institution. The study concluded with a set of results, the most important of which is that the application of accounting standards for the public sector. It works to achieve transparency and justice and grant the right to hold the management of the institution and governments accountable to the concerned parties, in addition to achieving the necessary protection for public property, taking into account the interests of those dealing with various state institutions and limiting the abuse of power to favor the public interest.

Other studies discussed the second variable (financial sustainability), McLaren and Struwing (2019) tested a set of financial ratios as measures of academic institutions' financial sustainability in South Africa through such as financial efficiency ratios, funding, asset administration, dealing with debt, and reserve ratios. The study indicates that the management of financial resources in universities represents a continuing to be a challenge for financial officers, particularly when considering the limitations of those resources and the government's call for free learning and growth of tertiary education. Therefore, the effective use of available indicators such as financial ratios in order to attain sustainability is crucial to ensure the ability to achieve essential academic results over the long term. Hussein and Abdel Hafez (2019) conducted a study where the the experiences and practices of some foreign universities in achieving financial sustainability has been analysed, it pointed out specifically at the level of Egyptian universities that they still depend on government funding, which has become insufficient to meet their needs or achieve their goals efficiently and effectively. The study presents a proposal to achieve financial sustainability in Egyptian universities based on three main dimensions represented by development, rationalization, and investment. Each of which includes a set of procedural elements and mechanisms necessary for its implementation, and the need to establish a financial sustainability unit in each university that is responsible for planning, implementing, and monitoring financial sustainability and spreading its culture. The study Varghese and Ajukurian (2021) dealt with knowing the factors that affect nonprofit organizations financial sustainability in northern India by studying the impact of four main factors represented in each of the impact of the management relationship with donors and its impact on financial sustainability and the effect of financial management and efficiency Administrative and income diversification of the institution on financial sustainability. The study shows that financial sustainability reflects the ability of officials to maintain the organization for as long as possible and its agility in seizing opportunities and responding to unanticipated risks whereas preserving its basic activities, in addition to that maintaining of financial sustainability is a never-ending process and must be component of daily tasks It represents an urgent necessity as it guarantees the ability to accomplish the tasks required of the institution and its success and sustainability. The study

concluded that the factors under study had a significant impact on achieving financial sustainability for non-profit organizations. Yaghmour and Safar (2022) demonstrated the impact of community partnership in Saudi universities, its importance, methods, requirements, and role in achieving financial sustainability for the university and the diversity it requires in the financial resources of universities, the study's findings show that the requirements for achieving financial sustainability are met in the light of partnership community in general because of this the novelty concept of financial sustainability for Saudi universities, which in recent years have begun to shift to the application of financial sustainability by diversifying sources of income and tending to strengthen the principle of self-financing for its activities and services through communication with various institutions and sectors of society to meet the financial sources of financial sustainability as it requires Setting university policies and practices based on investment development plans, especially in light of the financial challenges that some Saudi universities are currently facing, while expanding their educational programs and activities and diverting most sources of income towards providing infrastructure in universities and conducting education and scientific research affairs.

There are studies that linked the first and second variables, including the study Carlo et al. (2019) which demonstrated the effect of implementing IPSASs on financial sustainability in Italian universities. The study shows that the financial sustainability of universities represents an important and crucial issue for most universities since their weak financial sustainability greatly affects aspects of sustainability, such as social and environmental sustainability. In 2015, universities began to improve the accounting system by adopting IPSAS, with the aim of increased transparency of financial reporting regarding financial sustainability. According to the study's findings, financial reporting based on the new accounting system provides more information about financial sustainability compared with the prior financial reporting. In addition, the classification of resources devoted to study, instruction, or the dissemination of information has become more appropriate for decision-makers within the university in evaluating the achieved results.

A study conducted by Al-Sindi and Al-Saqqa (2021) provided a proposed model for measuring financial sustainability of governmental units according to IPSASB RPG1 methodology that published by IPSASB, the methodology studying the nature and dimensions of the financial sustainability in government units and indicating the role of reporting analysis according to IPSASB RPG1 in assessing and measuring financial sustainability of government units and defining the appropriate financial analysis and its tools of ratios and indicators for measuring financial sustainability that are compatible with the objectives and purposes of financial reporting analysis in accordance with IPSASB RPG1. The study concludes that reporting of financial sustainability information represents a development in government financial reporting and a first step to reach integrated government reporting, also, it contributes to expanding the information drawn from the financial statements, as it includes the expected incoming and outgoing flows related to providing products, services and programs that provide social benefits using policy assumptions current over a specified time horizon.

The research problem lies in answering the following question: Will the implementation of the (IPSASs) based on accrual lead to the possibility of assessing financial sustainability in government universities?

The main hypotheses of this research are:

- 1- Financial sustainability achievement is statistically related to the assuring of the sustainability and the quality of higher education outcomes.
- 2- The shortcomings of the current governmental accounting system are statistically correlated with the assessment of the governmental universities' financial sustainability.
- 3- IPSASs adoption is statistically correlated to the assessment of the governmental universities' financial sustainability.

The research aims to explain the deficiencies in the public sector accounting system in the Iraqi environment in terms of its failure to provide the necessary information in assessing the financial sustainability. In addition, this work elaborates the role of IPSASs implementation in assessing the financial sustainability of public universities.

2. Material and Methods:

For the purpose of achieving the goals of this research, an analytical descriptive method was employed, and data and information were collected to formulate a theoretical framework from articles, studies, research, thesis, periodicals, and online resources. In the practical part of this work. The data were collected through the questionnaire designated for this purpose and analyzed in order to verify the research hypotheses.

2.1 Financial sustainability conceptual entrance:

2.1.1 The concept of financial sustainability:

The term financial sustainability depends on the objectives and nature of the work of each institution, as it's not something that can be pinned down; rather, it's a process of constant evolution that depends on honest evaluations of the organization's resources, financial priorities, and external operating climate (Fleisher, 2017). However, several definitions of the term financial sustainability have emerged (Leon) as the ability of the enterprise to generate income in line with demand so as to maintain production operations at a constant or increasing rate to achieve results and obtain a surplus (Leon, 2001). The Organization of Economic Cooperation and Development (OECD) referred to financial sustainability in a working paper that the institution is being managed in a financially sustainable way if it is able to recoup all of its monetary outlays, also making sufficient investments in its human resources, and intellectual resources in order to carry out its long-term strategic plan and meet the needs of its many constituencies (McLaren and Struwig, 2019).

Even though for-profit and non-profit organizations have quite different definitions of financial sustainability, depending on the business structure, revenue and expenditure structure, and the objective of the institution, financial sustainability for both institutions is represented in the means to take advantage of opportunities and defend against surprises without jeopardizing core activities (Padilla et al., 2012), accordingly, a financially sustainable institution is one that has the potential to keep perform the long-term goals of and fulfill the requirements of important interested parties, especially its patrons and backers, and is strategic and competent in dealing with external developments, adjust its aims and goals to fit the new circumstances, obtain resources new revenue streams and adapting their methods and structures to face adversity (Mutinda and Ngahu, 2016).

As far as it is concerned with financial sustainability in government institutions, it gains its practical importance from being a tool that helps in understanding and analyzing the financial capacity of the state to maintaining current levels of government spending and revenues for the foreseeable and not to exposure to the risks of financial insolvency, non-fulfillment of future financial obligations, and the increasing state budget deficit and financing it from Through domestic and external debt. The analysis of financial sustainability according to (Al-Sindi and Al-Saqqa, 2021) can be used as a practical framework that helps in analyzing and interpreting the nature of the relationship between the financial situation and macroeconomic performance, especially in matters of economic growth and financial and monetary stability, which helps decision-makers in determining adjustments And reforms in the content and directions of fiscal policy.

2.1.2 Pillars of Financial Sustainability:

Financial sustainability in educational institutions consists of two basic elements: their ability to solicit grants and other forms of funding, and the optimal use of those funds for the purpose of implementing their activities, it is based on three main issues of cost recovery, Diversifying Sources of Income, adequate, funding from the public sector that is both dependable and accountable (Carlo et al., 2019).

Barnard and Merwe (2016) summarized conditions both required and adequate for sustainability in the higher education environment as follows:

1- Developing the spirit of initiative and innovation among staff and learners through interaction between teacher and student and the institutional spirit that is created by all parties, in order to evolve into technologically-driven goods and services that advance and enhance the standard of living.

2- The nature and content of the curricula that enable its graduates to make use of their newfound knowledge and abilities that can be used in serving the interest of society.

3- The optimal use of the internal and external resources (human, financial and infrastructure) of the institution and maintaining them and striving to replicate and renew them.

Leon (2001) identified four cornerstones of financial sustainability in non-profit institutions, including higher education institutions, which are:

1- Financial and strategic planning: Most institutions seek to achieve the maximum possible amount of income as quickly as possible, while it is more appropriate for the institution to accurately determine the minimum that it must achieve in order to achieve the set goals.

2- Diversification of income: Finding different resources is essential of income generation, even if a nonprofit has tens of donors. its budget can't be too reliant on a single source. Therefore, an alteration in the decision of these donors may lead to creating a big crisis for the company.

3- Proper management and financing: Achieving financial sustainability requires skillful management of available resources such as revenue, an effective techniques for management cobined with rational financial policies help achieve maximum benefit from available resources and ensure transparency of financial management. In addition to that these procedures can be expected through the financial position of the institution and thus take appropriate decisions at the right time.

4- Generating private income: It is one of the ways through which the institution can diversify its sources of revenue. It represents the income decided by the institution and not by the donor, for example, investing part of the capital in fixed deposits in return for obtaining interest income or collecting donations and public contributions by organizing social events and events in exchange for cash or selling some assets that have not been used and have a market value.

In the same context, three financial strategies emerged in Italy that contributed to enhancing the financial sustainability of the educational institution (Carlo et al., 2019):

1- The strategy of local competition in the sense that the educational institution uses the tactical objectives set by the Italian Administration for Higher Education, whereby, a rise in the percentage of government funding that is contingent on meeting performance targets, and the primary targets reflect student enrollment and faculty output, and thus the direct competition among universities.

2- The strategy of financial independence in the sense of benefiting from a variety of financial safeguards against income fluctuations. Outside of government funding, the most common sources of income are prize-based research grants and profit-driven market activities, for example (subsidiaries and contracts with companies).

3- Efficiency improvement strategy in the sense of cost cutting without compromising service quality or quantity provided.

In a study conducted by OECD, it has been found that there are basic elements should be taken into account to accomplish its financial sustainability, which is the need for a strategy for the organization to assess its needs and future risks and measure its performance and sustainability by recovering all expenses and making a profit and resources to compensate for all costs of its activities investment regular and to maintain an appropriate level of production capacity and appropriately manage risks in terms of the tactics it employs and be able to handle any financial issues that may arise and avoid future risks and problems, as these things represent means of measuring progress or failure the quality of the institution's management to its financial sustainability (OECD, 2004).

2.1.3 The role of financial sustainability in facing the challenges of higher education institutions:

Achieving satisfactory financial results for educational establishments is only a means to accomplish the social mission of the institution, Therefore, its ability to ensure the continuity of its work and achieve its social objectives by providing consistent programs and services of high quality is directly related to achieving its financial sustainability, and in this context (Pantah) indicates that educational establishments are subject to severe control. The reason is because of the rising need for tertiary education at a time when its institutions suffer from an increasing shortage of the necessary resources to meet that increase in demand, as well as the increase in pressure on decision-makers in an effort to better its level and the quality of its outputs. Consequently, the existence of high quality and financially sufficient educational institutions has become the main challenge in any country, as it represents an indicator of sustainable development for both developed and developing economies (Pantah, 2018). In the same context, (Afriyie) indicates that the main challenge facing the heads of universities is to ensure the financial and academic sustainability of their situation where funding has become more competitive and challenging. More focus must be placed on the issue of higher education management and its effect on the financial viability of these institutions, especially in issues of recovery. Its economic costs and investment in its infrastructure (human, physical and cognitive) to maintaining its future production capacity necessary to implement its strategic planning (Afriyie, 2015).

Bellis (2012) indicated that financial sustainability in educational institutions does not necessarily reflect the attainment of permanent profit, as is the case in commercial institutions, but rather expresses conscious exploitation and real investment of each added value, resources, property, or non-monetary assets that add to the reputation of the institution. Therefore, the equation of financial sustainability in educational institutions is represented by three elements represented by educational value, revenues and costs based on the fact that they are non-profit institutions. Therefore, the financial sustainability of educational institutions does not only reflect the achievement of financial profit, but rather the non-financial results or added value must be seen as values. In the educational institution, therefore, maintaining long-term financial sustainability is particularly important for non-profit organizations compared to for-profit organizations, since many of them cater to communities with particularly high requirements, necessitating round-the-clock availability of services. Therefore, Non-profits must build financial sustainability to ensure the continuation or expansion of their services to face of inevitable economic ups and downs (Padilla et al., 2012). In a study conducted by Pavlov and Katsamakos (2021) dealt with the effect of the Corona epidemic on the financial sustainability of educational institutions as one of the sudden circumstances that universities were exposed to, concluded that the Coronavirus crisis represented an existential challenge for some of these institutions, and that many of them faced financial difficulties.

The results of the study showed that institutions that enjoy good financial health can also be destabilized as a result of the occurrence of major crises such as the Corona epidemic crisis, which necessitates the need for new sustainable business models, while the US Census Bureau revealed a decrease in state support for educational institutions by 6% Between 2005 and 2007, as a result, the priorities of educational goals changed, and many issues that could trigger future crises were postponed, such as postponing the maintenance of university assets such as buildings, laboratories, laboratories, and others, which could exacerbate future challenges and crises (Tahey et al., 2010).

2.2 Assessing financial sustainability in light of the adoption of IPSASs:

2.2.1 Applying IPSASs in public universities:

Modugno and Carlo (2019) indicates that the applicable accounting system can be a crucial to ensuring financial sustainability in educational institutions by including three basic functions:

- 1- Important details about cash flow, asset and liability values, and net value changes can be gleaned through financial accounting and all of these items can be measured through the application of accounting based on the accrual method.
- 2- Cost accounting can offer a detailed statement of the expenses incurred by the educational institution at the level of the head of the institution, colleges, departments and individual professors.
- 3- performance in education, research, and services may be measured in a variety of ways other than money, and this information is made available through "activities accounting".

According to the standard (IPSAS1) "Presentation of Financial Statements", Preparing financial statements for general use has as its goal the dissemination of information about the institution's financial position, performance, and cash flows to a broad audience for the purpose of their use in making and evaluating allocation decisions, their allocation and uses, how the institution has financed its activities, met its monetary requirements, its financial position and any changes that occur, as well as a review of how effectively it functions in terms of efficiency and how much it costs to provide services and achievements.

Because public universities do not fall within the government business establishments as they are non-profit service institutions, it is possible to apply these standards to public universities because they do not have the following characteristics (Ijeoma, 2014):

- 1- A legal person or organization that can legally act alone.
- 2- Granting the legal right to operate as a business and access to necessary resources.
- 3- It does business by selling its wares and services to third parties for either a profit or a complete recoupment of costs.
- 4- Do not depend on continuous government funding.
- 5- Subject to the control of a government agency.

2.2.2 The role of applying IPSASs in assessing financial sustainability in public universities

Adopting (IPSASs) in public universities contributes to assessing financial sustainability through the following aspects:

Responsibility and Transparency:

The agency theory suggests that stakeholders from higher public positions such as ministers or privy councilors and permanent secretaries are leaders at the highest degree in the structure of authority and accountable to the government for the resources given to them as should be heads of sections and executives who implements ministers' orders in their respective departments they are responsible for the resources available to them before the competent authorities, which will be compiled at the period's end to form the comprehensive financial statements that are sufficient to allow verdict and accountability by the beneficiaries of financial statements (Okere et al., 2017).

The financial transparency provided by IPSASs also plays a vital part in the financial sustainability of governments, as the financial statements are an essential part of financial transparency as they provide comprehensive, understandable and reliable information about financial affairs that allow tracking of revenues, obligations, payments and assets and provide the public with comprehensive information on past and present financial activity and expected, as well as other major financial risks (Jensen, 2011).

In the words of (Carlo et al., 2019), the transformation of accrual-based accounting in educational institutions aims to improve the transparency of financial statements regarding financial sustainability, as many countries seek to adhere to and apply IPSASs as part of financial management reform programs and provide greater accountability, transparency, and adaptation to economic changes and fluctuations worldwide, as well as improving budgetary monitoring On a national scale and helping sensible fiscal policy decisions be made (Al Jawahry et al., 2022).

Exploitation of resources:

The Board of Directors plays an important role in strategic planning to achieve the goal, mission and vision of the institution, and the most important thing that the management should plan for is securing the necessary financial resources to achieve this, and for the purpose of securing those resources, Reporting pertinent information to present and potential resource providers is essential to achieving the financial sustainability of the organization because it paints a picture of the effectiveness of the board of directors in managing the organization's resources (Ahmed, 2018).

Whereas (IPSASs) aims to enhance the financial reporting of government sector institutions, allowing for more accurate evaluation of policymakers' allocation resources choices, and in this context, the study by (Nweze) found that if IPSASs are adopted and implemented will significantly improve the quality of public sector accounting in developing nations by encouraging the government to make more sustainable decisions in setting financial policies and their impact on macroeconomic and capital variables (Ijeoma, 2014).

Comparability between public universities

Achieving harmony in producing financial reports in different parts of the world is one of the most important needs at present for financial statement users and those related to accounting outputs, especially in light of the requirement that arose as a result of the difficulties in comparing financial data from several countries that use varying accounting standards. There is a pressing need in the financial sector for a universally accepted set of accounting standards or a worldwide convergence towards a uniform accounting language (Kamel, 2022).

Making comparisons, whether at the international or local level, in institutions of higher education by following the same standards in accounting for economic events contributes to assessing financial sustainability between those institutions and avoiding weaknesses and shortcomings in institutions that suffer from weaknesses in their financial sustainability, as If governments adopt (IPSASs), public sector organization's financial reports will be of higher quality and more comparable (Ijeoma, 2014).

Matching revenues with costs

The study Ademola et al. (2017) revealed that government accounting based on the cash basis is not sufficient to accurately determine costs. The same applies to assets and liabilities, where non-current assets are not considered as investments but are accounted for as expenditures and revenues during the time of purchase. In addition, Budgets are poorly implemented, public money is mismanaged and there is a lack of accountability and transparency because of the monetary basis.

In the same context, (Jensen, 2011) indicates that the application of accounting standards based on the monetary basis does not provide a comprehensive picture of the financial performance of government institutions, as it provides room for manipulation of the announced results, which impedes the decision-making process.

Ball and Pflugrath also indicate that the stakeholders need more comprehensive and reliable financial information and increased transparency and accountability. Governments will not be able to achieve that transparency and accountability using the cash basis and rational decisions cannot be made because the cash basis is unable to reflect the true and fair picture of financial position. Therefore, the resulting financial statements reflect only a small part of the overall picture (Ball and Pflugrath, 2012).

The application of accrual-based (IPSASs) would develop the general budget by showing the real financial position of the institution, as it takes into account financial obligations and entitlements and the actual value of assets. It also shows expenditures realistically based on the cost of resource consumption and not on the basis of their acquisition value by calculating the cost of activities (Qumu, 2021), and accordingly, adopting the accrual basis in accounting for economic events would contribute to strengthening the macroeconomy. This importance stems from the fact that it measures all assets and liabilities that are reflected in fiscal policy and financial sustainability, which does not happen with accounting according to the cash basis (Khan and Mayes, 2009).

Evaluating performance and making rational decisions:

Institutions on a global scale that help poor nations financially ask them to adopt (IPSASs) and align their national standards with (IPSASs). Accordingly, these criteria are now universally used to assess the reliability of government financial reports all over the world. In accordance with such criteria, the financial statements that have been created by those standards are characterized by reaching users who can't request financial information to be as a means of catering to their individual information requirements, as (IPSASs) work to collect, record, classify and summarize financial events in the government public sector and offer information users linked with public entities with financial statements and an interpretation of those statements as needed under financial accountability and transparency to make rational decisions and evaluate their performance (Ijeoma, 2014).

The most important development in the history of accounting in the government sector is the development of (IPSASs) through; Improving financial statement systems; providing essential data for effective oversight and responsible management of government operations; aiding in more accurate assessment of financial performance; detailing the government's financial standing as of the fiscal year's end; and supplying more useful data for policymakers to use. Good governance and government-citizen relations are bolstered, and the quality of public services is improved (Duenya et al., 2017).

2.3 Deficiencies in the government accounting system and examining the role of applying IPSASs in assessing the financial sustainability of government universities

2.3.1 Deficiencies in the government accounting system:

The government accounting system currently applied in Iraq suffers from several deficiencies represented by not keeping pace with the continuous developments in government activity, the expansion and multiplicity of expenditures, and the failure to provide accounting information the finance management requires to carry out its duties. The most important aspects of deficiencies that would affect the assessment of sustainability can be summarized in finance compared to the IPSASs as follows:

2.3.1.1 The informational content of the financial statements:

Al-Khazraji and Al-Amiri (2016) indicated that with the current developments and the expansion of the organizational structure of the state, as well as aspects of spending, the government accounting system currently applied has become deficient in meeting the requirements of control and planning in order for financial management to achieve its goals in exploiting resources and achieving social welfare. The data provided by the system does not meet the requirements of planning, performance monitoring and decision-making, because it details how much was spent by the local government from its allotted share of the state's general fund. Traditional legal and financial controls only cover the degree to which the budget is really

carried out, therefore there is no information on the prices of government services that would allow for precise planning and control. Khalaf and Nour Allah (2019) indicated that the government accounting system suffers from shortcomings in providing reports and financial statements, where it only discloses how to dispose of funds (resources, expenses) and focus on monitoring funds by ensuring that the government has spent the fund for the purposes specified for it and that it was made in accordance with the laws, regulations and instructions in force in government units without providing appropriate accounting information for control over performance efficiency and efficacy of government services, the development of financial performance and the efficient use of resources in an effective economic manner. Just as the government accounting system does not give a true perception of the results of budget implementation, knowing the real financial position, and measuring the result of the activity, as it relies on the cash basis in recording financial operations, while the government accounting system is based on the basis for accrual according to IPSASs, which will show all incurred expenses, whether paid or not, in addition to all Revenues generated, whether received or not. At the same time, he does not neglect any amounts paid or received in advance, which gives an opportunity for continuous follow-up by government units to collect due revenues as a result of highlighting them in financial records and reports. Therefore, officials in the units themselves can stand on the level of implementation of their activities and programs (Al-Khazraji and Aliwi, 2017).

2.3.1.2 Accounting treatments according on the basis of cash:

In order to improve the level of performance of the government accounting system and its development, it requires adopting the accrual basis as a first and main step in financial reform because this basis has many advantages and high flexibility. Unlike the monetary basis, which is characterized by simplicity and ease of application, but it does not give a clear picture of the reality of the situation. In addition, the development of financial reporting in government units demands making the necessary improvements in line with the requirements of IPSASs, which allows providing useful information to stakeholders, achieving control over public funds, and evaluating government performance to direct the resources that achieve justice and the public interest (Razouqi and Mishaal, 2020). Abdul Halim and Khudair (2023) indicated that the outputs of the government accounting system, especially the cash flow data (accounting information), do not meet the needs of users, because it depends on the cash basis that does not recognize investment or financing activities, meaning that it does not distinguish between balances cash receipts and payments, whether these balances relate to an operational, investment, or financing aspect, but it only contains the total balances of cash inflows and outflows during the accounting year. A study conducted by Al-Duraie and Al-Hijami, (2019) indicated that government units that apply the government accounting system suffer from not meeting the requirements of Measurement and disclosure of long-term lease contracts, which leads to a weakness in the delivery of information to users, whether they are internal or external. On the other hand, the application of (IPSAS13) "leases" will contribute to improving the quality of financial statements submitted by government units, which helps in improving decisions in allocating resources provided by governments that follow the government accounting system in performing their activities and thus increasing disclosure in the financial statements, which in turn leads to increased transparency and reliability. A study conducted by Hashem and Fadel (2023) indicated that the financial statements prepared in government units (financial position list, cash flow list, budget execution account list) do not provide information on the sources of expenditures and revenues, as the budget execution account according to the accounting and financial guide is limited to Displaying the estimated amounts, actual amounts, and implementation percentages for each account for the current year and the previous year in total, without conducting an analytical study of all sub-accounts within the budget chapters, analyzing deviations and knowing their causes, which does not help in assessing the efficiency of the government unit in preparing the annual estimated budget, contrary to the demands of the

standard (IPSAS24) "presentation of budget information in the financial statements", which will help indicate deviations between the estimated amounts and the actual amounts for all materials and types within the current budget chapters, which gives more clear and credible information to the users of the financial statements and facilitates the decision-making process and evaluates the level of performance of government units, which would create a way to reduce the state of manipulation of financial resources in the public sector, to improve planning in the future, and to activate and revitalize monitoring and accountability tools. Onaizah and Ali (2014) indicated that accounting for fixed assets of all kinds according to the government accounting system is considered obsolete at the moment of purchase due to the adherence to the cash basis, as well as not accounting for all kinds of inventories, and this leads as a result to not showing the true financial position of the state and the difficulty of monitoring those assets, while according to (IPSASs) all fixed assets of all kinds are disclosed within the state's financial position list and accounted for according to their productive age, the value of their ruins, and their annual depreciation, as well as accounting for the assets in custody and according to a set of standards (3 "accounting policies , changes in accounting estimates and errors", 17 "Property, plant and equipment", 19 "Provisions, contingent liabilities and contingent assets", 26 "Impairment of cash-generating assets", 31 "Intangible assets") As for inventory, it is accounted for in accordance with Standard (12) "Inventories."

3. Discussion of Results:

3.1 Testing the reflection of the application of IPSASs in assessing the financial sustainability of public universities.

3.1.1 The spatial limits of the research:

Public universities were selected as a sample for the research due to the fact that they apply the government accounting system.

3.1.2 Measuring Stability and validity coefficient:

The split-half method was relied upon to measure the stability and validity coefficient of the questionnaire items using the Rulon equation according to the following equation:

Stability coefficient = variance of the differences of the two halves/variance of test scores
The value of the stability coefficient could be reached as high as 94%, and thus it can be said that the questionnaire has high stability, which reflects the stability of the scale and its non-contradiction, meaning that the outcomes are the same if the same sample is used again, while the validity coefficient was measured according to the formula below:

Coefficient of validity = root square of stability coefficient
Accordingly, the value of the validity coefficient reached (97%), which is a high percentage, which means that the scale measures what was set to measure it.

3.1.3 Characteristics of the research sample:

The number of questionnaires included total of 135 where 9 Questionnaires have been excluded because they did not comply with the required educational conditions and qualifications. Appendix (1) shows the distribution of the research sample amounting to 126 questionnaires based on academic qualification, job title and years of experience.

Appendix (1) shows that the research sample is characterized by good academic qualifications, as the percentage of PhD holders is 42%, while the percentage of master's degree holders is 58% of the total sample, and the field of work is classified into academic and professional based on the integration of the relationship Between them, which amounted to 74% and 26% respectively. It is clear through jobs and years of experience that most of the research samples have experience of more than 10 years, at a rate of 61% of the total sample, which reflects in total in terms of certificate and years of experience that the vast majority of the sample has sufficient experience to answer the questionnaire items and has the ability to obtain objective answers.

3.2 Results of data analysis:

Descriptive statistical methods relied on using the statistical program (SPSS) for the purpose of analyzing the responses of the research sample members to reach accurate results and the extent of consistency in the research sample responses so as to accomplish research goals and prove its hypotheses.

3.2.1 Presentation and interpretation of the statistical results of the first hypothesis test:

Appendix (2) shows the descriptive statistics of the results of testing the first research hypothesis, which is that achieving financial sustainability ensures the sustainability and quality of higher education outputs.

The statistical results presented in Appendix (2) shows that the arithmetic means of the research variables (achieving financial sustainability) ranged from 4,047 to 4,357, as paragraph 7 ranked first, which achieved the highest arithmetic mean of 4,357 and standard deviation of 0.675 with a weight A percentage reached 87%, which indicates that financial sustainability guarantees the financial stability of government universities in the long term, which means that the financial stability of government universities has a higher relative importance than the other advantages achieved by financial sustainability, followed by paragraph 10 in importance, which achieved an arithmetic average of 4,309, a standard deviation of 0,753, and a percentage weight of 86%, which describes financial sustainability as a means to achieve sustainable development for public universities.

The general index of the arithmetic means was 4,218, which is higher than the hypothetical mean 3 on the five-point Likert scale, with standard deviations of 0.738 and percentage weights was 84%.

It also turns out that the values of (T-test) calculated for the research variables are higher than the tabular value of 1,980 at the level of significance of 0.05, which means that there is a statistically significant connection between achieving financial sustainability and ensuring the sustainability and quality of higher education outputs. Therefore the variables the research is important in ensuring the sustainability and higher education quality outcomes in public universities if financial sustainability is achieved, and this means accepting the first hypothesis.

3.2.2 Presentation and interpretation of the statistical results of testing the second hypothesis:

Appendix (3) shows the descriptive statistics of the results of testing the second research hypothesis, which is the inadequacy of the government accounting system currently applied in assessing the financial sustainability of public universities.

The statistical outcomes presented in Appendix (3) show that the arithmetic averages for the research variables (deficiency of the government accounting system) ranged between 3,873 and 4,277, as paragraph (5) ranked first, which achieved the highest arithmetic mean of 4,277 and a standard deviation of 0,665. With a percentage weight of 85%, which indicates that the financial statements prepared according to the government accounting system provide only legal and financial control over the results of implementing the budget without paying attention to the extent of implementing the goals and works entrusted to public universities and the extent to which the resources available in the budget are used in achieving these goals and works, and thus the difficulty of assessing financial sustainability. This means that the shortcomings of the financial statements prepared according to the accounting system in showing the extent to which the goals and actions entrusted to public universities are implemented are of higher relative importance than other shortcomings that the government accounting system suffers from, and therefore the difficulty of evaluating the financial sustainability of government universities, followed by Paragraph (10) in importance. It achieved the same arithmetic mean of 4,277 but with a standard deviation of 0,700 and a percentage weight of 85%. This indicates that not calculating the depreciation of fixed assets cannot reach the real cost needed to produce the services provided by public universities, which negatively affects the assessment of sustainability.

The general index of the arithmetic means was 4,126, which is higher than the hypothetical mean of 3 on the five-point Likert scale, with standard deviations of 0.810 and percentage weights of 82%.

It also turns out that the values of (T-test) calculated for the research variables are higher than the tabular value of 1,980 at the level of 0.05 significance, which means that there is a statistically significant connection between the shortcomings of the government accounting system currently applied and the evaluation of the financial sustainability of government universities. Thus the research variables are important in indicating the shortcomings of the government accounting system currently applied in assessing financial sustainability in government universities, and this means accepting the second hypothesis.

3.2.3 Presentation and interpretation of the statistical results of testing the third hypothesis

Appendix (4) shows the descriptive statistics of the results of testing the third research hypothesis, which is that the adoption of IPSASs contributes to assessing the financial sustainability of government universities.

The statistical results presented in Appendix (4) show that the arithmetic averages of the research variables (implementation of IPSASs) ranged between 4,036 and 4,261, with Paragraph (2) ranked first, which achieved the largest arithmetic mean of 4,261 and a standard deviation of 0.609 with a percentage weight of 85%, which indicates that the application of IPSASs leads to improving the relevance and credibility of representation of accounting information and thus the objectivity of the informational content of the financial statements, which helps the financial management of government universities in assessing financial sustainability, which means that improving the relevance and credibility of representation of information through the adoption of IPSASs. It has higher relative importance than the other advantages achieved by the adoption of IPSASs in assessing the financial sustainability of government universities. It is followed in importance by paragraph (1), which achieved an arithmetic mean of 4,230, a standard deviation of 0,635, and a percentage weight of 84%, which states that the application of IPSASs leads to providing an honest picture of the financial situation of public universities, which contributes to a fair and honest assessment of their financial sustainability.

The general index of the arithmetic means was 4,147, which is higher than the hypothetical mean of 3 on the five-point Likert scale, with standard deviations of 0.675 and percentage weights of 83%.

It also turns out that the values of (T-test) calculated for the research variables are higher than the tabular value of 1,980 at the level of significance 0.05, which means that there is a statistically significant connection between the adoption of IPSASs and the assessment of the financial sustainability of public universities, and thus The research variables are important in assessing the financial sustainability of government universities if IPSASs are adopted, and this means accepting the third hypothesis.

4. Conclusion:

1. Financial sustainability is a means to ensure the sustainability and higher education quality outputs in public universities, Its help to meet and absorb challenges and emergency conditions ,also it carry out various academic and research activities and achieve a distinguished position in the field of higher education.
2. The government accounting system currently applied in public universities suffers from many shortcomings in the informational content of the financial statements, which does not provide an objective basis for assessing financial sustainability in public universities as it is based on a cash basis. The government accounting system also does not provide information on the costs of activities and programs provided by public universities and the extent of implementation of the objectives and tasks entrusted to them, and thus the difficulty of obtaining sufficient information to assess financial sustainability.

3. The application of IPSASs enables public universities to assess financial sustainability by increasing financial accountability and transparency, making optimal use of available resources, and reporting potential assets and liabilities that would help those universities to identify and confront expected risks in the future, as well as presenting a fair picture about the university's financial position to enable it to assess its financial sustainability.
4. The need for the government accounting system to adopt IPSASs because of their role in improving the appropriateness and honesty of accounting information representation, which is positively reflected in the possibility of assessing the financial sustainability of public universities.
5. Creating a formation in each university that assesses the financial sustainability of the concerned university by identifying the size and nature of the available resources and the costs of the activities and services provided by the university based on the information provided by the financial statements.
6. Intensifying efforts by the competent authorities to hold seminars, workshops and training courses in order to educate about the importance of converting to IPSASs and including them within the specialized educational curricula in public universities.

Authors Declaration:

Conflicts of Interest: None

-We Hereby Confirm That All The Figures and Tables In The Manuscript Are Mine and Ours. Besides, The Figures and Images, Which are Not Mine, Have Been Permitted Republication and Attached to The Manuscript.

- Ethical Clearance: The Research Was Approved By The Local Ethical Committee in The University.

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Appendix

Appendix (1)
Characteristics of the research sample

General information		No.	ratio %
Qualification	Ph.D.	53	42%
	Master's	73	58%
Employment	academic	93	74%
	professional	33	26%
Job title or academic title	Professor	15	12%
	Assistant Professor	25	20%
	Lecturer	26	21%
	assistant Lecturer	37	29%
	others	23	18%
Years of Experience	5 years or less	23	18%
	6 - 10 years	27	21%
	11-15 years	30	24%
	16-20 years	19	15%
	20 years or more	27	22%
total		126	100%

Appendix (2)
The descriptive statistics of the results of the first research hypothesis test

No.	Questions	Arithmetic average	standard deviation	T test	Moral weight %	ranking the importance of the paragraph
1	Achieving financial sustainability ensures investment in future academic and research activities of government universities.	4.269	0.625	22.804	85%	5
2	Achieving financial sustainability ensures that demand growth for public universities in recent years.	4.126	0.748	16.910	82%	8
3	Financial sustainability reduces uncertainty and ensures that the challenges and emergency conditions facing public universities are met.	4.158	0.650	20.008	83%	7
4	Financial sustainability enables public universities to make well-informed strategic decisions regarding their academic activities.	4.269	0.731	19.497	85%	6
5	Achieving financial sustainability enables public universities to manage their risks and avoid future problems in many areas, including financial ones.	4.277	0.723	19.836	86%	4
6	Financially sustainable public universities can face intense competition with private universities that have expanded in terms of numbers and majors in recent years.	4.079	0.943	12.847	81%	9
7	Financial sustainability ensures the financial stability of public universities in the long term.	4.357	0.675	22.566	87%	1
8	Financial sustainability enables public universities to reach acceptable levels of international classifications of quality and excellence.	4.047	0.828	14.201	80%	10
9	Financial sustainability enables public universities to invest in infrastructure (physical, human and intellectual) in a way that contributes to the development and improvement of the quality of its outputs.	4.293	0.705	20.595	86%	3
10	Financial sustainability is a means to achieve sustainable development for public universities.	4.309	0.753	19.916	86%	2
Aggregate indicators		4.218	0.738		84%	

Appendix (3)
Descriptive statistics for the results of testing the second research hypothesis

No.	Questions	Arithmetic average	standard deviation	T test	Moral weight %	ranking the importance of the paragraph
1	The financial statements prepared according to the government accounting system do not make it possible to predict the expected financial problems in the future that public universities may face, which means that it is not possible to assess financial sustainability.	4.023	0.907	12.669	80%	9
2	The financial statements prepared according to the government accounting system do not faithfully reflect the financial position, as it is limited to providing financial information that results in cash flow inside or outside without disclosing the financial obligations and rights owed by the university, which is negatively reflected in the assessment of its financial sustainability.	4.119	0.826	15.206	82%	6
3	The government accounting system does not provide the possibility of an accurate comparison between the services provided or academic projects completed and the expenses actually paid during the year, which makes it difficult to assess financial sustainability.	4.126	0.839	15.076	83%	5
4	The government accounting system does not provide information on the costs of activities and programs offered by public universities, which negatively affects the assessment of financial sustainability.	4.103	0.954	12.979	82%	7
5	The financial statements prepared according to the government accounting system provide only legal and financial control over the results of budget implementation without paying attention to the extent of implementation of the objectives and works entrusted to government universities and the extent to which the resources available in the budget that used to achieve these goals and works, and thus the difficulty of assessing financial sustainability.	4.277	0.665	21.566	85%	1

6	Recording revenues received in cash and expenses paid in cash during the year, regardless of whether they pertain to the current year or a previous or subsequent period, makes it difficult to assess financial sustainability for the current period.	4.071	0.821	14.647	81%	8
7	The government accounting system does not provide detailed information on cash inflows and outflows, which makes it impossible to evaluate the performance of public universities and their financial position, and thus the difficulty of assessing financial sustainability.	3.873	0.971	10.019	77%	10
8	Failure to specify the costs of capital assets distributed over the useful life leads to poor management, supervision and proper utilization in the implementation of tasks and objectives, which negatively affects the assessment of the financial sustainability of public universities.	4.174	0.682	19.331	83%	4
9	The lack of financial statements for the characteristics of appropriateness and honesty of representation and their failure to meet the requirements of evaluating past, current and future events makes it difficult to assess financial sustainability because it does not help in understanding the real financial situation and result of the performance of public universities.	4.222	0.736	18.638	84%	3
10	Not counting the depreciation of fixed assets cannot reach the real cost needed to produce the services provided by public universities, which negatively affects the assessment of financial sustainability.	4.277	0.700	20.488	85%	2
Aggregate indicators		4.126	0.810		82%	

Appendix (4)
Descriptive statistics for the results of testing the third research hypothesis

No.	Questions	Arithmetic average	standard deviation	T test	Moral weight %	ranking the importance of the paragraph
1	The application of IPSASs leads to providing an honest picture of the financial situation of public universities, which contributes to a fair and honest evaluation of their financial sustainability.	4.230	0.635	21.743	84%	2
2	The application of IPSASs improves the relevance and honesty of accounting information representation, and thus the objectivity of the informational content of the financial statements, which helps the financial management of public universities in assessing financial sustainability.	4.261	0.609	23.257	85%	1
3	The information of the financial statements prepared in accordance with IPSASs contributes to assessing the potential risks that universities may face, which helps in assessing financial sustainability in the long term by taking into account these risks.	4.126	0.681	18.574	83%	6
4	The adoption of IPSASs contributes greatly to financial accountability, which enhances the optimal use of the resources available to public universities, and thus the possibility of assessing financial sustainability.	4.134	0.662	19.242	83%	5
5	Available rules and guidance on more general principles and basic methods of accounting procedures provide the appropriate basis for the treatments related to the elements of financial statements provided by IPSASs assists public universities in making an objective assessment with regard to financial sustainability.	4.063	0.713	16.741	81%	10
6	The application of IPSASs allows the possibility of finding a kind of accounting harmonization and compatibility at the international level in accounting practices, which facilitates comparisons with regard to financial sustainability between local and international public universities.	4.126	0.657	19.253	82%	7

7	Displaying detailed information on cash inflows and outflows classified on the basis of operational, investment, and financing activities helps public universities assess financial sustainability.	4.190	0.701	19.061	84%	3
8	Evidence of any amounts due to be collected by public universities for the coming period as a result of the application of IPSASs provides an opportunity for continuous follow-up by universities to collect due revenues, which helps in assessing financial sustainability for the current and upcoming period.	4.079	0.676	17.921	81%	9
9	The statement of deviations between the actual amounts and the estimated amounts for all subjects and types within the current budget chapters helps public universities to evaluate the level of financial performance and thus assess financial sustainability in light of the results of budget implementation.	4.111	0.707	17.639	82%	8
10	Reporting measurable potential assets and potential liabilities helps users of financial statements to identify expected events in the future which helps public universities assess their long-term financial sustainability.	4.150	0.716	18.039	83%	4
Aggregate indicators		4.147	0.675		83%	

دور تبني معايير المحاسبة الدولية في القطاع (IPSASs) في تحقيق الاستدامة المالية للجامعات العام

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مستخلص البحث:

يهدف البحث إلى اختبار دور تبني معايير المحاسبة الدولية للقطاع العام في تقييم الاستدامة المالية للجامعات الحكومية نظراً للدور الذي تلعبه الاستدامة المالية في الحفاظ على جودة الخدمات التي تقدمها الجامعات الحكومية وتوسيع نطاقها ، فضلاً عن مواجهة التحديات العرضية والمستقبلية على المدى القصير وطويل الأجل من خلال ما يوفره النظام المحاسبي من معلومات في هذا السياق ، هذا ويعاني النظام المحاسبي الحكومي المطبق في الجامعات العراقية الحكومية من صعوبة توفير المعلومات الكافية للقائمين على وضع السياسات المالية في تلك الجامعات عند تقييم الاستدامة المالية ، ولغرض تحقيق هدف البحث فقد تم تصميم استبانة وزعت على عينة من أصحاب الشهادات العليا ممن يمتلكون المؤهلات العلمية والخبرة الكافية ، حيث شملت العينة على (126) فرد من الأكاديميين والمهنيين ، وبعد تحليل النتائج تم التوصل إلى أن الاستدامة المالية تعد وسيلة لتحسين جودة واستدامة مخرجات التعليم العالي في الجامعات الحكومية ، فضلاً عن أن النظام المحاسبي الحكومي المطبق حالياً المستند على الأساس النقدي يعاني من عدة جوانب قصور في تقييم الاستدامة المالية ، كما توصلت النتائج إلى أن تبني معايير المحاسبة الدولية للقطاع العام المستندة على أساس الاستحقاق من شأنها أن تساهم في تقييم الاستدامة المالية في الجامعات الحكومية من خلال توفيرها المعلومات التي تعكس الوضع المالي ونتيجة النشاط بصورة عادلة وتحسن من ملائمة وصدق تمثيل المعلومات المحاسبية وبالتالي موضوعية المحتوى المعلوماتي للقوائم المالية.

نوع البحث: ورقة بحثية.

المصطلحات الرئيسية للبحث: الاستدامة المالية، معايير المحاسبة الدولية للقطاع العام، جودة واستدامة مخرجات التعليم العالي.

(1) مدرس في وزارة التعليم العالي والبحث العلمي، دائرة البحث والتطوير.
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