

# International Conference on Business and Economics - Hellenic Open University

Vol 5, No 1 (2025)

Proceedings of the ICBE-HOU 2025



## The Implementation of International Public Sector Accounting Standards (IPSAS) in the Greek Public Sector: Evaluation, Benefits, and Challenges

*Elena Kagioglou, Athanasios Mandilas, Eleftheria Panagiotidou, Georgios Kafetzis*

Copyright © 2026, International Conference on Business and Economics - Hellenic Open University



This work is licensed under a [Creative Commons Attribution-NonCommercial 4.0](https://creativecommons.org/licenses/by-nc/4.0/).

### To cite this article:

Kagioglou, E., Mandilas, A., Panagiotidou, E., & Kafetzis, G. (2026). The Implementation of International Public Sector Accounting Standards (IPSAS) in the Greek Public Sector: Evaluation, Benefits, and Challenges. *International Conference on Business and Economics - Hellenic Open University*, 5(1). Retrieved from <https://eproceedings.epublishing.ekt.gr/index.php/ICBE-HOU/article/view/9730>



# The Implementation of International Public Sector Accounting Standards (IPSAS) in the Greek Public Sector: Evaluation, Benefits, and Challenges

Elena Kagioglou<sup>1</sup>, Athanasios Mandilas<sup>2</sup>, Eleftheria  
Panagiotidou<sup>\*3</sup> and Georgios Kafetzis<sup>4</sup>

<sup>1</sup> Democritus University of Thrace, Ag. Loukas 65403, Kavala Greece,  
E-mail: [elena\\_kagioglou@yahoo.gr](mailto:elena_kagioglou@yahoo.gr)

<sup>2</sup> Democritus University of Thrace, Ag. Loukas 65403, Kavala Greece,  
E-mail: [amandilas@af.duth.gr](mailto:amandilas@af.duth.gr)

<sup>3</sup> Democritus University of Thrace, Ag. Loukas 65403, Kavala Greece,  
E-mail: [elpanag@af.duth.gr](mailto:elpanag@af.duth.gr)

<sup>4</sup> Hellenic Open University, 18 Aristotelous St 26335, Patras Greece,  
E-mail: [std154532@ac.eap.gr](mailto:std154532@ac.eap.gr)

## Abstract

This study investigates the adoption of International Public Sector Accounting Standards (IPSAS) within the Greek public health sector, with particular emphasis on the reforms introduced through Presidential Decree 54/2018 and Law 4270/2014. These legislative initiatives establish a unified accounting framework designed to enhance transparency, comparability, and the reliability of financial reporting across public entities, while replacing outdated sectoral accounting practices. The reform agenda, scheduled for full implementation by January 2025, addresses structural weaknesses such as incomplete asset representation, inconsistent accounting treatment of transactions, and deficiencies in budgetary control.

The research employs a combined methodological approach, drawing on an extensive literature review, digital resources, and empirical analysis. A case study of the General Hospital of Thessaloniki “Georgios Papanikolaou” is used to illustrate the practical application of selected IPSAS provisions and to evaluate their impact on financial statements and operational management. Findings suggest that while IPSAS adoption offers significant benefits in terms of standardization, accountability, and improved decision-making, successful implementation requires a broader cultural and organizational shift. This includes targeted training for public sector personnel, the modernization of internal control systems, and sustained political and administrative commitment.

---

\* (Corresponding author) Democritus University of Thrace, School of administrative science and accounting, [elpanag@af.duth.gr](mailto:elpanag@af.duth.gr)

**JEL Classifications:** H830

**Keywords:** IPSAS, accrual basis, financial reporting, implementation challenges, public administration

---

## **1 Introduction**

Public sector reforms across Europe have increasingly emphasized the modernization of financial reporting systems to ensure transparency, efficiency, and accountability. Within this framework, International Public Sector Accounting Standards (IPSAS) have emerged as the principal global benchmark for accrual-based reporting by governments and public entities (IFAC, 2010). IPSAS were designed to improve the comparability and reliability of financial statements while aligning national systems with international practices (Christiaens et al., 2010).

In Greece, the prolonged fiscal crisis and persistent inefficiencies in public administration have underscored the need for reliable financial information. The healthcare sector, as one of the largest and most resource-intensive components of the Greek public sector, has been particularly affected by issues of budgetary deficits, underfunding, and inadequate financial control. To address these challenges, the Greek government enacted Law 4270/2014 and Presidential Decree 54/2018, which introduced IPSAS-based accounting rules to public entities, including hospitals, with full implementation scheduled for 2025.

The primary aim of this research is to assess the implications of IPSAS adoption for Greek Public Health Units. Specifically, it investigates how IPSAS reshape financial reporting practices, enhance accountability, and contribute to more effective resource management. The study also seeks to evaluate whether the transition to IPSAS can overcome the structural weaknesses of the previous accounting framework, notably PD 146/2003, which often failed to provide a clear and comprehensive view of public healthcare finances.

While IPSAS adoption has been studied in the context of several European and developing countries (Benito et al., 2007; Brusca et al., 2016), empirical evidence from Greece remains scarce. Previous studies have largely focused on conceptual benefits, political implications, or high-level policy analysis, leaving a gap in applied research on how IPSAS influence financial reporting in specific sectors. The public health sector represents a particularly underexplored domain, despite being both economically significant and institutionally complex.

Greece constitutes a particularly informative case for examining IPSAS adoption due to its post-crisis fiscal environment, centralized administrative structure, and historically cash-

based accounting tradition. The country's prolonged sovereign debt crisis exposed structural weaknesses in public financial management, making the transition toward accrual-based standards both urgent and politically significant. As such, the Greek experience provides valuable insights into how IPSAS reforms unfold in fiscally constrained and institutionally complex settings, contributing to the broader international debate on public sector accounting reform in Southern Europe and other reform-intensive jurisdictions. This study addresses this gap by applying selected IPSAS standards to the financial statements of a major Greek hospital and by analyzing their impact on reporting accuracy, comparability, and decision-making.

To achieve these objectives, the study adopts a dual methodological approach. First, it undertakes an extensive review of international and national literature to contextualize IPSAS within the broader reform landscape. Second, it conducts an empirical case study of the General Hospital of Thessaloniki "Georgios Papanikolaou." Three IPSAS standards—IPSAS 18 (Segment Reporting), IPSAS 23 (Revenue from Non-Exchange Transactions), and IPSAS 24 (Presentation of Budget Information in Financial Statements)—are applied to the hospital's financial data. This targeted implementation allows for a comparative analysis between the old and new accounting frameworks, highlighting both the benefits and the challenges of IPSAS adoption. Through this structure, the research not only contributes to the academic discourse on public sector accounting reforms but also provides practical insights for policymakers, administrators, and healthcare managers preparing for the nationwide transition to IPSAS.

The empirical findings indicate that IPSAS adoption significantly enhances the transparency and comprehensiveness of financial reporting, improves the reconciliation between budgeted and actual expenditures, and reveals financial imbalances across hospital service segments. At the same time, implementation challenges related to training, technological adaptation, and organizational culture remain substantial.

The remainder of the paper is structured as follows. Section 2 reviews the relevant international and national literature on IPSAS adoption. Section 3 outlines the methodological framework and case study approach. Section 4 presents the empirical findings. Section 5 discusses the conclusions, limitations, and directions for future research.

## **2 Literature review**

### **2.1 International Context of IPSAS**

The introduction of International Public Sector Accounting Standards (IPSAS) by the International Public Sector Accounting Standards Board (IPSASB) represents a turning point in the effort to harmonize public financial reporting globally. Grounded in accrual accounting, IPSAS broaden the scope of public sector accounts beyond cash flows to include assets, liabilities, revenues, and long-term obligations (IFAC, 2010). Their development coincided with the rise of New Public Management (NPM), which emphasized efficiency, fiscal discipline, and accountability modeled on private-sector practices (Hood, 1995). Within this paradigm, IPSAS are not only technical instruments but also institutional reforms aimed at improving transparency and reinforcing evidence-based governance.

## **2.2 Benefits and Criticisms**

A large body of scholarship highlights the benefits of IPSAS adoption. Studies show that IPSAS improve the reliability of financial statements, ensuring that they provide a faithful representation of public entities' financial positions (Christiaens et al., 2010). They also enhance comparability across jurisdictions, facilitating cross-country evaluations by international organizations and donors (Brusca et al., 2016). Moreover, by adopting accrual-based reporting, governments and agencies gain better tools to monitor resource allocation, manage liabilities, and evaluate long-term sustainability (Benito et al., 2007).

Despite these advantages, the literature also reveals critical concerns. The transition to IPSAS requires substantial resources and technical expertise, which many public entities lack (Polzer, 2021). Resistance from staff and managers accustomed to legacy systems is frequently observed, creating risks of superficial compliance (Eriotis et al., 2011). In addition, some scholars argue that IPSAS reforms are sometimes driven more by legitimacy pressures, particularly in countries reliant on external funding, than by genuine internal demand for transparency (Boo Lakay Doorgakunt et al., 2022). These critiques underline that IPSAS outcomes depend not only on technical implementation but also on the political and cultural contexts in which they are embedded.

Recent empirical evidence suggests that the effectiveness of IPSAS adoption is significantly conditioned by institutional capacity, governance quality, and administrative readiness rather than solely by technical compliance. In particular, studies show that the benefits of IPSAS adoption on governance, accountability, and financial reporting are realized only when robust institutional frameworks and internal controls are present (Tawiah, 2023; Scannell & Tawiah, 2024; Polzer et al., 2022).

## **2.3 European Experiences with IPSAS**

Across Europe, IPSAS adoption has followed diverse trajectories. Northern and Western European countries, characterized by stronger administrative traditions, have advanced

more decisively toward accrual-based reforms. In contrast, Southern European countries such as Italy, Portugal, and Greece have often faced structural and political obstacles that limit the depth of implementation (Brusca et al., 2016; Manes-Rossi et al., 2016). Comparative research shows that even when IPSAS-inspired systems are formally adopted, differences in administrative capacity and political will shape the degree of compliance and the quality of outcomes. This diversity demonstrates that IPSAS adoption is as much a matter of governance and institutional design as it is of accounting technique.

More recent European evidence confirms that the transition toward accrual-based public sector reporting remains uneven across member states. Official EU progress reporting and comparative reform evidence highlight substantial heterogeneity in the pace and depth of accrual reforms, with administrative complexity and fiscal constraints continuing to influence implementation trajectories (European Commission, 2024; SIGMA, 2022). The European Commission (2024) report documents significant variation in accrual implementation stages among Member States, with some countries fully adopting accrual standards while others remain at modified cash or transitional phases.

#### **2.4 The Greek Context and the Healthcare Sector**

The Greek sovereign debt crisis highlighted the weaknesses of the country's financial reporting systems. Reliance on cash-based accounting under PD 146/2003 limited the disclosure of assets and liabilities and failed to provide a comprehensive picture of fiscal commitments. These shortcomings prompted legislative reforms, most notably Law 4270/2014 and Presidential Decree 54/2018, which mandated IPSAS-based standards for General Government entities with full implementation scheduled for 2025 (Gkouma et al., 2022; Dalla et al., 2023).

Within this framework, the healthcare sector is of particular significance. Hospitals constitute one of the largest and most complex components of public expenditure, yet they have long been associated with deficits, inefficiencies, and weak financial management. The lack of transparency in recording revenues—such as government transfers and donations—further undermined accountability. IPSAS offer an opportunity to address these shortcomings by improving revenue recognition, integrating budgetary and financial information, and enabling managers to analyze the performance of specific segments such as inpatient, outpatient, and diagnostic services.

#### **2.5 Research Gap and Contribution**

Despite the recognized importance of healthcare in the Greek public sector, empirical research on IPSAS adoption at the hospital level remains limited. Existing studies on Greece have largely focused on conceptual aspects or general policy reforms, leaving the practical

implications of IPSAS underexplored. The absence of applied evidence is significant because hospitals provide a unique setting where fiscal constraints, organizational complexity, and public accountability intersect.

This study responds to this gap by applying selected IPSAS standards, IPSAS 18 on Segment Reporting, IPSAS 23 on Revenue from Non-Exchange Transactions, and IPSAS 24 on the Presentation of Budget Information, to the financial data of the General Hospital of Thessaloniki “Georgios Papanikolaou.” By doing so, it contributes to the international literature on IPSAS by offering evidence from a Southern European healthcare system, and to the national debate by providing insights relevant to policymakers and hospital administrators.

Although prior studies on IPSAS in Greece have primarily focused on conceptual discussions, macro-level policy reforms, or general assessments of accounting modernization, limited research has examined the concrete application of IPSAS within specific public healthcare entities. This study contributes to the literature by providing a structured empirical application of selected IPSAS standards to the financial data of a major Greek public hospital. By directly comparing the former accounting framework (PD 146/2003) with the IPSAS-based framework (PD 54/2018), the study offers applied evidence of how accrual-based standards reshape financial reporting practices at the operational level. In doing so, it bridges the gap between theoretical reform discourse and institutional implementation within the Greek healthcare system.

Drawing from the reviewed literature, three central dimensions emerge in the study of IPSAS adoption: the technical transformation of financial reporting systems, the enhancement of transparency and accountability mechanisms, and the institutional and organizational challenges accompanying reform processes. These dimensions directly inform the formulation of the present study’s research questions, ensuring alignment between theoretical foundations and empirical investigation.

**RQ1:** How does the application of IPSAS improve the presentation and reliability of financial statements in Greek Public Health Units compared to the previous framework (PD 146/2003)?

**RQ2:** To what extent does IPSAS adoption enhance transparency and accountability in budgetary reporting within public hospitals?

**RQ3:** What are the main challenges and barriers to IPSAS implementation in the Greek healthcare sector, as revealed through the case of the “Georgios Papanikolaou” General Hospital?

### **3 Methodological framework**

#### **3.1 Research Design**

The study follows a qualitative-dominant mixed design, combining a theoretical exploration with an empirical application. The theoretical strand draws from an extensive international and national literature review, aiming to situate IPSAS within the broader debate on public sector reforms, New Public Management, and financial transparency (Chan, 2003; Pina & Torres, 2003). The empirical strand operationalizes IPSAS in the context of a real-world healthcare institution, allowing a practical assessment of their implementation challenges and benefits.

This design was deliberately chosen to bridge two persistent gaps: (a) the absence of contextualized evidence on how IPSAS reshape financial reporting in Greek public hospitals, and (b) the limited availability of empirical studies assessing IPSAS impact in Southern European healthcare systems (Christiaens et al., 2010; Brusca et al., 2016). By blending conceptual analysis with applied evidence, the research provides both theoretical depth and practical relevance.

The integration between the theoretical and empirical components of the study follows an explanatory case study logic. The literature review identifies the principal reform dimensions and expected outcomes of IPSAS adoption, while the empirical case operationalizes these dimensions within a specific institutional setting. This structured linkage ensures that the empirical analysis does not merely describe accounting changes but systematically evaluates them against established theoretical expectations in the public sector accounting literature.

#### **3.2 Data Collection**

Data collection was multi-layered:

*Literature Review*, covering IPSAS development, the rationale for their adoption, and prior studies on IPSAS in healthcare. Sources included academic articles, policy reports, and prior case-based research (Benito et al., 2007; Gkouma et al., 2022).

*Legislative and Institutional Documents*, focusing on Presidential Decree 54/2018, Law 4270/2014, and PD 146/2003, which collectively outline the regulatory trajectory of accounting in the Greek public sector.

*Empirical Financial Data*, obtained from the General Hospital of Thessaloniki “Georgios Papanikolaou,” including audited financial statements, budget reports, and supplementary documents for the fiscal year 2018.

This triangulated dataset ensured both breadth and depth, enabling an informed evaluation of IPSAS adoption from regulatory, theoretical, and practical perspectives.

### 3.3 Case Study Approach

The case study methodology was employed as the central empirical strategy. The General Hospital of Thessaloniki “Georgios Papanikolaou” was selected for three reasons:

*Representativeness*, as one of the largest tertiary hospitals in Northern Greece, it reflects the structural and financial realities faced by many public hospitals.

*Data Availability*, the institution provides accessible, audited reports, which are critical for a rigorous comparative analysis.

*Policy Relevance*, as a public entity subject to PD 54/2018, the hospital illustrates the practical implications of transitioning from the former sectoral chart of accounts (PD 146/2003) to IPSAS-based standards.

The General Hospital of Thessaloniki “Georgios Papanikolaou” is one of the largest tertiary healthcare institutions in Northern Greece, serving a broad population and operating under significant budgetary pressures. Its size, organizational complexity, and publicly available audited financial statements make it an appropriate and representative case for examining the operational implications of IPSAS adoption within the Greek public health system.

Within this case study, the research applied three specific IPSAS—IPSAS 18 (Segment Reporting), IPSAS 23 (Revenue from Non-Exchange Transactions), and IPSAS 24 (Presentation of Budget Information in Financial Statements). These standards were selected because they address core issues of revenue recognition, budgetary transparency, and reporting segmentation, which are highly relevant for healthcare institutions dependent on public funding and subject to complex flows of transfers and subsidies.

The analytical phase involved a structured comparative process, beginning with a baseline assessment in which the hospital’s financial statements were mapped under the PD 146/2003 framework. The IPSAS application involved reclassifying financial data in accordance with IPSAS requirements. For example, IPSAS 23 required distinguishing between exchange and non-exchange revenues (such as government transfers and donations), while IPSAS 24 necessitated reconciling budgeted versus actual figures in the financial statements. The comparative Evaluation identifies divergences in reporting outcomes between the two frameworks, particularly in terms of recognition of revenues, classification of assets, and presentation of budgetary information. Finally the interpretive Analysis that assess how these changes improve (or complicate) transparency, decision-making, and accountability. This interpretive layer is informed by prior empirical findings in European and developing-country contexts (Brusca et al., 2016; Boolaky Doorgakunt et al., 2022).

The analytical procedure followed a stepwise approach: first, key financial statement categories under PD 146/2003 were identified and classified; second, these categories were re-examined under IPSAS recognition and presentation criteria; third, divergences in reporting treatment were documented and evaluated in relation to transparency, comparability, and managerial usefulness. This process ensured methodological consistency and transparency in the comparative assessment. By following this sequence, the study ensured both rigor and clarity in evaluating the concrete implications of IPSAS adoption.

### **3.4 Validity, Reliability and Ethical Considerations**

Internal validity was reinforced by triangulating across three evidence sources: international literature, legislative frameworks, and audited financial statements. Reliability was enhanced by focusing on standardized and audited data, ensuring consistency and replicability. Nonetheless, external validity is limited, as the findings stem from a single institution and may not generalize to all Greek hospitals. All analyzed data were obtained from publicly available reports or official legislative documents, ensuring full compliance with ethical research standards. Proper attribution to primary and secondary sources was maintained throughout, in line with academic integrity requirements.

## **4 Results**

This section presents the empirical findings structured according to the three research questions formulated in the literature review. The results of this study are presented in alignment with the three research questions formulated. They derive from the application of selected IPSAS standards to the financial data of the General Hospital of Thessaloniki “Georgios Papanikolaou” and are interpreted in the light of the broader literature on public sector accounting reforms.

### **4.1 Impact of IPSAS on Financial Statements**

A central finding concerns the transformation of financial statements through the adoption of IPSAS. Under the former framework (PD 146/2003), accounting relied on a cash basis, providing only a fragmented picture of revenues and expenditures, with limited recognition of assets and liabilities. By contrast, IPSAS introduced an accrual basis that requires systematic recognition of obligations, resources, and long-term assets.

**Table 1: Comparison of Reporting Frameworks**

<b>Aspect</b>	<b>PD 146/2003</b>	<b>IPSAS (PD 54/2018)</b>
<b>Accounting Basis</b>	Cash basis	Accrual basis

<b>Revenue Recognition</b>	Aggregated, limited detail	Distinction between exchange & non-exchange revenues
<b>Asset &amp; Liability Recording</b>	Partial, mainly current assets	Comprehensive, including fixed assets & liabilities
<b>Budget Reporting</b>	Separate reports, no reconciliation	Budget integrated with financial statements (IPSAS 24)
<b>Transparency &amp; Comparability</b>	Low transparency, limited comparability	High transparency, international comparability

Table 1 provides a structured comparison between the legacy framework (PD 146/2003) and the IPSAS-based reporting framework introduced through PD 54/2018, focusing on the aspects that materially affect the informational content of hospital financial statements. The most critical shift concerns the accounting basis: moving from cash to accrual changes the timing and scope of recognition, as obligations and resources are recorded when they arise rather than when cash is exchanged. This has direct implications for assessing the hospital's financial position, because liabilities (e.g., unpaid obligations to suppliers or accrued expenses) and non-current assets become systematically visible rather than partially or indirectly captured.

The table also highlights that IPSAS requires a clearer revenue taxonomy, distinguishing between exchange and non-exchange transactions. For public hospitals, this distinction is essential because a substantial part of revenue derives from transfers and non-exchange flows rather than market-based sales. Under the previous framework, the aggregation of revenue streams reduced transparency and made it difficult to evaluate the stability and composition of funding.

Finally, Table 1 emphasizes the integration of budget information into the financial statements under IPSAS 24. Under PD 146/2003, budget execution reporting was largely separate from general-purpose statements, limiting the ability of stakeholders to interpret deviations and fiscal discipline. IPSAS-based presentation connects budget performance with accrual-based results, improving comparability across entities and enhancing the managerial usefulness of financial reporting for planning and internal control.

**Table 2: Segment Reporting (IPSAS 18)**

<b>Segment</b>	<b>Revenues (€)</b>	<b>Expenditures (€)</b>	<b>Surplus/Deficit (€)</b>
<b>Inpatient Services</b>	12000000	14500000	-2500000
<b>Outpatient Services</b>	6500000	5400000	1100000
<b>Diagnostic Labs</b>	3200000	2800000	400000

Table 2 illustrates the application of IPSAS 18 (Segment Reporting) by disaggregating hospital activities into operational segments (inpatient, outpatient, diagnostic labs) and presenting revenues, expenditures, and resulting surpluses/deficits for each segment. The reported values reveal a financially asymmetric structure: inpatient services exhibit a deficit of €2.5 million, whereas outpatient services produce a surplus of €1.1 million and diagnostic laboratories a surplus of €0.4 million.

This pattern is analytically important for two reasons. First, it demonstrates the presence of cross-subsidization across service units: surpluses in outpatient and diagnostic services may partially offset deficits in inpatient services, a dynamic that is typically obscured when reporting is aggregated. Second, it provides actionable information for hospital management, as the segment deficit in inpatient services signals either higher cost intensity, pricing/reimbursement mismatches, or resource allocation inefficiencies that require targeted review.

From an IPSAS implementation perspective, Table 2 demonstrates how segment-level information improves the interpretability of the hospital’s operating performance by shifting the focus from overall totals to the internal drivers of financial imbalance. This strengthens accountability because managers and supervising authorities can associate variances with specific operational domains and design more precise corrective interventions.

**Table 3: Budget Variance (2018)**

<b>Category</b>	<b>Budgeted (€)</b>	<b>Actual (€)</b>	<b>Variance (€)</b>	<b>Variance (%)</b>
<b>Personnel Costs</b>	15000000	16200000	1200000	8
<b>Pharmaceutical Expenditures</b>	8000000	8960000	960000	12
<b>Donations (in-kind)</b>	0	400000	400000	N/A
<b>Government Transfers</b>	1200000	1200000	0	0

Table 3 operationalizes IPSAS 24 by presenting budgeted versus actual figures and quantifying variances both in absolute and percentage terms. The reported deviations provide a concrete measure of budget execution quality and reveal where fiscal discipline pressures are most pronounced. Personnel costs exceed the approved budget by €1.2 million (8%), while pharmaceutical expenditures exceed budget by €0.96 million (12%). These two categories are typically among the largest and least flexible components of hospital spending; therefore, even moderate percentage variances can signal material pressure on financial sustainability.

The table also includes non-exchange components that are particularly relevant under

IPSAS. The recognition of in-kind donations (€0.4 million) illustrates the informational benefit of accrual-based reporting: resources received without direct cash inflow become visible and can be assessed in relation to service delivery and cost coverage. Under cash-focused systems, such contributions may be underreported or inconsistently captured, limiting transparency about the full resource base of the hospital.

Importantly, Table 3 demonstrates how IPSAS 24 strengthens accountability by transforming budget reporting from a stand-alone administrative process into a financial statement disclosure that must be reconciled and explained. This requirement creates a clearer audit trail for variances and improves comparability across hospitals and periods, as stakeholders can systematically identify recurring deviation patterns (e.g., structural overspending in pharmaceuticals) and assess whether corrective measures are effective.

In sum, the results for the first research question confirm that IPSAS adoption substantially improves the scope, reliability, and managerial usefulness of financial statements. This aligns with international evidence that IPSAS enhance comparability and decision-making capacity (Christiaens et al., 2010; Brusca et al., 2016).

#### **4.2 Transparency and Accountability in Budgetary Reporting**

The integration of budget information into financial statements represents a major step toward accountability and transparency. Prior to IPSAS, budget execution reports were produced separately and lacked systematic reconciliation with financial statements. This fragmented reporting reduced the capacity of both hospital managers and external stakeholders to assess financial discipline.

The IPSAS framework, by contrast, mandates the presentation of budgeted versus actual data within the financial statements. The reconciliation of variances, as shown in Table 3, provides an accessible and standardized mechanism for evaluating the effectiveness of budget implementation. Stakeholders, including the Ministry of Health, auditors, and citizens, gain a more accurate picture of how public resources are managed.

This finding resonates with the broader literature on public sector accounting reforms, which emphasizes IPSAS as an instrument for strengthening democratic accountability and restoring public trust in institutions (Benito et al., 2007; Brusca et al., 2016). By aligning the hospital's reporting practices with international norms, IPSAS adoption improves not only technical accuracy but also the legitimacy of financial management.

#### **4.3 Challenges and Barriers to IPSAS Implementation**

Despite these advances, the results also reveal significant challenges to IPSAS implementation.

*Human Resources:* Hospital staff exhibited limited knowledge of accrual-based accounting, reflecting the lack of specialized training in IPSAS. This gap creates risks of superficial compliance and potential misapplication of standards.

*Technological Constraints:* Existing IT systems were designed for cash-based reporting and required costly modifications to accommodate IPSAS requirements.

*Organizational Culture:* Resistance to change was evident among administrative staff and managers. Many perceived IPSAS as an additional bureaucratic burden rather than as a tool for efficiency.

*Financial Costs of Transition:* Training, software adaptation, and additional reporting requirements imposed direct costs on the hospital, at a time of already constrained budgets.

These barriers mirror findings in international contexts, where IPSAS adoption has often faced skepticism and resistance due to resource limitations and institutional inertia (Polzer, 2021; Eriotis et al., 2011).

Taken together, the results present a nuanced picture. On one hand, IPSAS adoption clearly improves the quality, scope, and comparability of financial statements, strengthens transparency and accountability, and provides new tools for decision-making and strategic planning. On the other hand, the process is hindered by institutional, cultural, and financial obstacles that may undermine the depth of implementation.

The case of the “Georgios Papanikolaou” Hospital illustrates both the potential benefits of IPSAS and the systemic weaknesses that must be addressed if Greece is to achieve full compliance by 2025. Without investments in staff training, IT systems, and change management, the reform risks resulting in formal compliance without substantive improvement—a concern echoed in the literature on public sector reforms (Boolakunt et al., 2022).

## **5 Conclusions**

### **5.1 Findings**

The findings of this research demonstrate that the adoption of International Public Sector Accounting Standards (IPSAS) constitutes a decisive reform in the modernization of financial reporting in Greek Public Health Units. IPSAS directly address deficiencies in the previous accounting framework, including fragmented asset representation, weak internal controls, and inconsistent reporting of revenues and expenditures. The case study of the General Hospital of Thessaloniki “Georgios Papanikolaou” confirms that IPSAS enhance both the accuracy and the comprehensiveness of financial statements, thereby facilitating

comparability with international benchmarks (Christiaens et al., 2010; Gkouma et al., 2022).

By applying accrual-based accounting principles, IPSAS enable hospitals to record financial commitments and resources beyond immediate cash transactions. This shift ensures that financial statements reflect the long-term sustainability of operations, supporting more effective decision-making and resource allocation (Benito et al., 2007). For healthcare institutions operating under fiscal stress, this represents a significant advance toward improved accountability and efficiency. Moreover, IPSAS adoption has implications beyond technical compliance: it fosters a cultural shift within the public sector, requiring the professionalization of accounting staff, the introduction of modern internal control mechanisms, and a stronger orientation toward transparency (Chytis et al., 2020).

Another key finding relates to the credibility and legitimacy of public financial reporting. Aligning Greece's accounting practices with internationally recognized standards strengthens public trust, improves fiscal governance, and facilitates convergence with European Union requirements (Torres, 2004; Brusca et al., 2016). The reform agenda, with a target date of January 2025 for full implementation, is therefore not merely a technical upgrade but also a strategic effort to reposition Greek public finances within the broader European and global context.

Nevertheless, the findings also reveal persistent challenges. Resistance to change within hospital administrations, limited familiarity with accrual accounting, and insufficient technological infrastructure are recurrent barriers to reform (Eriotis et al., 2011; Dalla et al., 2023). Without comprehensive training programs and institutional commitment, there is a risk that IPSAS adoption will remain superficial, leading to "passive compliance" rather than meaningful transformation.

The findings of this study generate important implications at multiple levels of public sector governance. At the policy level, the adoption of IPSAS provides the Ministry of Finance and the Ministry of Health with a more reliable and standardized framework for monitoring public healthcare expenditure. The integration of accrual-based reporting strengthens fiscal transparency and supports evidence-based decision-making in resource allocation and budget planning.

At the managerial level, hospital administrators gain access to more detailed and disaggregated financial information. Segment reporting enables the identification of cross-subsidization patterns and operational inefficiencies, while the reconciliation of budgeted and actual figures enhances internal financial control and performance monitoring. At the institutional level, IPSAS implementation necessitates targeted professional training,

modernization of information systems, and the reinforcement of internal audit mechanisms. The study therefore highlights the need for coordinated reform strategies that combine technical accounting adjustments with organizational capacity-building initiatives.

Beyond the Greek context, the findings contribute to the broader public sector reform debate by illustrating how accrual-based standards function as both technical accounting tools and institutional change mechanisms. The case demonstrates that IPSAS implementation interacts with governance structures, administrative culture, and fiscal constraints, reinforcing the view that accounting reform is embedded within wider public management transformations rather than operating in isolation.

## **5.2 Limitations**

This research is subject to several limitations. First, the empirical analysis is restricted to a single case study, which constrains the generalizability of results across the diverse landscape of Greek public hospitals. Second, data availability limited the evaluation of long-term effects, as IPSAS implementation in Greece is still ongoing and will not be fully realized until 2025. Third, while the study acknowledges broader political and institutional dynamics, it does not explore in depth how these external factors—such as governmental stability or fiscal policy—might condition the effectiveness of IPSAS reform (Polzer, 2021).

## **5.3 Proposals for Future Research**

Building on these findings, future research should expand the empirical base to encompass multiple public hospitals and healthcare entities, thereby allowing for comparative insights across regions and organizational contexts. Comparative studies between Greece and other European Union member states could further clarify how different institutional traditions and regulatory environments influence the success of IPSAS adoption (Brusca et al., 2016; Manes-Rossi et al., 2016).

Longitudinal analyses are also recommended to assess the post-2025 outcomes of IPSAS implementation. Such studies should examine not only compliance with standards but also their broader impact on financial governance, operational efficiency, and public trust. Additionally, further research should explore the cultural and organizational aspects of reform, particularly the role of leadership, training, and institutional learning in overcoming resistance and ensuring sustainable change (Polzer, 2021; Gkouma et al., 2022).

Finally, given the evidence that IPSAS implementation is influenced not solely by efficiency gains but also by legitimacy pressures (Boolaky Doorgakunt et al., 2022), future research should integrate perspectives from institutional theory. This would enrich understanding of how technical standards interact with political, social, and cultural factors in shaping the trajectory of accounting reforms in the healthcare sector.

## References

- Benito, B., Brusca, I., & Montesinos, V. (2007). The harmonization of government financial information systems: The role of the IPSASs. SAGE Publications. <https://doi.org/10.1177/0020852307078424>
- Boo Lakay Doorgakunt, L. D., Omoteso, K., Mirosea, N., & Boo Lakay, P. K. (2022). Revisiting international public sector accounting standards adoption in developing countries. *International Journal of Public Administration*, 45(13), 948-963. <https://doi.org/10.1080/01900692.2021.1925692>
- Brusca, I., & Martínez, J. C. (2016). Adopting international public sector accounting standards: A challenge for modernizing and harmonizing public sector accounting. *International Review of Administrative Sciences*, 82(4), 724-744. <https://doi.org/10.1177/0020852315600232>
- Chan L. J. (2003). Government accounting: An assessment of theory, purposes and standards. *Public Money & Management*, 23(1), 13-20. <https://doi.org/10.1111/1467-9302.00336>
- Christiaens, J., Reyniers, B., & Rollé, C. (2010). Impact of IPSAS on reforming governmental financial information systems: A comparative study. *International Review of Administrative Sciences*, 76(3), 537-554. <https://doi.org/10.1177/0020852310372449>
- Chytis, E., Georgopoulos, I., Tasios, S., & Vrodou, I. (2020). Accounting reform and IPSAS adoption in greece. *European Research Studies*, 23(4), 165-184.
- Dalla, K., Petros, L., & Makrygiannakis, G. (2023). The role of leadership–member exchange relationships in the implementation of the international public sector accounting standards by greek public hospitals. *EuroMed Journal of Business*, 18(1), 21-33. <https://doi.org/10.1108/EMJB-04-2021-0064>
- Eriotis, N., Stamatiadis, F., & Vasiliou, D. (2011). Assessing accrual accounting reform in greek public hospitals: An empirical investigation. *International Journal of Economic Sciences and Applied Research*, 4(1), 153-183.
- European Commission. (2024). Commission staff working document: Reporting on the progress on European Public Sector Accounting Standards (EPSAS) (SWD(2024) 97 final). <https://data.consilium.europa.eu/doc/document/ST-9170-2024-INIT/en/pdf>
- Gkouma, O. G., & Filos, J. (2022). Assessing the impact of IPSAS on financial reporting and public management in greece. *Spoudai (Piraeus)*, 72(1/2), 56.
- Government Gazette (2003) Presidential Decree (PD) 146: On the definition of the content and the starting time of the implementation of the Sectoral Accounting Plan of Public Health Units. Official Gazette 122 A (May 21, 2003), National Printing Office, Athens, p. 1795 - 2014
- Hood, C. (1995). The “New Public Management” in the 1980s: Variations on a theme. *Accounting, Organizations and Society*, 20(2-3), 93-109. [https://doi.org/10.1016/0361-3682\(93\)E0001-W](https://doi.org/10.1016/0361-3682(93)E0001-W)
- International Federation of Accountants (IFAC). (2010). Handbook of International Public Sector Accounting Pronouncements. IFAC.
- Manes-Rossi, F., Cohen, S., Caperchione, E., & Brusca, I. (2016). Introduction: The gordian knot of public sector accounting and the role of the international public sector accounting standards. *International Review of Administrative Sciences*, 82(4), 718-723. <https://doi.org/10.1177/0020852316665048>
- Pina, V., & Torres, L. (2003). Reshaping public sector accounting: An international comparative view. *Canadian Journal of Administrative Sciences*, 20(4), 334-350. <https://doi.org/10.1111/j.1936-4490.2003.tb00709.x>
- Polzer, T., Adhikari, P., Nguyen, C. P., & Gårseth-Nesbakk, L. (2021). Adoption of the

- international public sector accounting standards in emerging economies and low-income countries: A structured literature review. *Journal of Public Budgeting, Accounting & Financial Management*, 35(3), 309-332. <https://doi.org/10.1108/JPBAFM-01-2021-0016>
- Polzer, T., Grossi, G., & Reichard, C. (2022). Implementation of the international public sector accounting standards in Europe: Variations on a global theme. *Accounting Forum*, 46(1), 57-82.
- Scannell, S., & Tawiah, V. (2024). A thematic literature review on international public sector accounting standards (IPSAS). *Public Organization Review*, 24(3), 1053-1075.
- SIGMA. (2022). Public accounting reforms in the Western Balkans and European neighbourhood (SIGMA Paper No. 65). OECD. [https://www.oecd.org/content/dam/oecd/en/publications/reports/2022/12/public-accounting-reforms-in-the-western-balkans-and-european-neighbourhood\\_6828a64a/505f903e-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/2022/12/public-accounting-reforms-in-the-western-balkans-and-european-neighbourhood_6828a64a/505f903e-en.pdf)
- Tawiah, V. (2023). The impact of IPSAS adoption on corruption in developing countries. *Financial Accountability & Management*, 39(1), 103-124.
- Torres, L. (2004). Accounting and accountability: Recent developments in government financial information systems. *Public Administration and Development*, 24(5), 447-456. <https://doi.org/10.1002/pad.332>