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ENHANCING FISCAL TRANSPARENCY AND ACCOUNTABILITY THROUGH IPSAS IN TIMOR-LESTE

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Abstract

This study investigates how International Public Sector Accounting Standards (IPSAS) contribute to fiscal transparency and public accountability in post-transitional states, with a focus on Timor-Leste. As a developing nation emerging from a period of transition, Timor-Leste confronts significant obstacles, including limited human resources, policy inconsistencies, and an underdeveloped accounting infrastructure. Employing a qualitative methodology based on a systematic literature review, the research synthesizes findings from academic studies and policy documents to assess how the adoption of IPSAS leads to more comprehensive financial reporting and greater accountability by enhancing the reliability of fiscal information. The study draws on comparative experiences from Portugal, Indonesia, Ghana, and Myanmar to illustrate common challenges and unique outcomes in the implementation of IPSAS. The key contribution of this research is the development of a conceptual framework connecting IPSAS adoption with improved fiscal transparency and accountability in post-transitional contexts. On a practical level, the study offers policy recommendations aimed at bolstering institutional capacity, strengthening human resources, and improving information technology infrastructure—measures crucial for establishing a robust and sustainable system of public financial management.

INTRODUCTION

Sustainable development in the context of public finance requires a high degree of transparency and accountability as key prerequisites for effective governance. Globally, the International Public Sector Accounting Standards (IPSAS) have been recognized as an essential instrument for strengthening public financial management by improving reporting quality, consistency, and comparability across countries (IPSASB, 2022). The adoption of IPSAS is viewed as a strategic step toward establishing a more transparent, efficient, and integrity-driven financial system that simultaneously enhances public trust in government institutions (Polzer et al., 2023).

In the context of Timor-Leste, public financial reform has become a crucial component of institutional development since the country's independence. The government has demonstrated a strong commitment to accountable public financial management through its



reporting systems (Ministerio das Financas, 2024). This implementation aligns with Law No. 5 of 2024 on the Execution of the General State Budget, particularly Articles 10 and 12, which emphasize transparency in budget preparation and financial reporting, as well as the classification of state assets and liabilities. Nevertheless, the Court of Accounts of Timor-Leste (Tribunal de Contas, 2024) reported delays in submitting financial statements and inconsistencies in inter-agency data. Furthermore, Transparency International (2023) ranked Timor-Leste with a score of 43/100 in the Corruption Perceptions Index. These findings indicate that although the regulatory framework promotes transparency, technical capacity and institutional coordination remain limited.

The core issue concerns the extent to which IPSAS adoption can genuinely strengthen transparency and accountability in Timor-Leste, given the persistent institutional capacity gaps and fragmented reform efforts (Ocansey et al., 2025). Key challenges include the continued reliance on cash-based reporting systems, the shortage of qualified professional human resources, and the absence of an integrated financial information infrastructure, all of which constrain effective IPSAS implementation. (Cordery & Hay, 2022). These limitations reflect deeper structural and systemic barriers that continue to impede the realization of good governance objectives and the consolidation of fiscal accountability (Seiyaibo, 2020).

Although previous studies have demonstrated that IPSAS implementation can improve the quality of financial reporting and public accountability (Polzer et al., 2023; Gomes et al., 2023), research examining institutional readiness in small post-conflict states such as Timor-Leste remains scarce. Most prior studies have focused on countries such as Nigeria, Ghana, and Kenya (Tetteh et al., 2021) and have employed predominantly quantitative empirical approaches. Therefore, a research gap exists in the lack of conceptual studies exploring the dynamics of IPSAS implementation in resource-constrained countries, the absence of systematic literature reviews (SLRs) specifically addressing Timor-Leste, and the predominance of evaluative research.

Accordingly, this study aims to analyze how IPSAS implementation can enhance transparency and accountability in public financial management in Timor-Leste and identify the factors influencing its effectiveness. Conceptually, this research is expected to serve as a reference for Timor-Leste's policymakers in strengthening fiscal reforms and ensuring the long-term sustainability of IPSAS implementation as a foundation for transparent and accountable public financial governance.

LITERATURE REVIEW

International Public Sector Accounting Standards

International Public Sector Accounting Standards (IPSAS) constitute a set of accounting standards developed by the International Public Sector Accounting Standards Board (IPSASB), under the auspices of the International Federation of Accounting (IFAC, 2023). IPSAS aims to enhance the quality, transparency, and accountability of public sector financial reporting through the adoption of standardized and comparable reporting practices across countries (IPSASB., 2022).

IPSAS is derived from the International Accounting Standards and International Financial Reporting Standards (IFRS), with specific adjustments made to accommodate the unique characteristics of the public sector (Sari, 2024). The standards encompass the recognition of revenue, expenses, assets, liabilities, and the disclosure of relevant information for public sector financial statement users (Agustin et al., 2024). Therefore, IPSAS plays a pivotal role in supporting evidence-based decision-making and enhancing public trust in government financial management (Mitsi, 2025).

Theoretical Framework

Institutional Theory explains that public sector organizations tend to align their structures and practices with normative, coercive, and mimetic pressures from their external environment. (DiMaggio & Powell, 1983). In this context, the adoption of IPSAS in Timor-Leste can be viewed as a form of institutional isomorphism, reflecting the government's effort to adapt to global governance practices to gain international legitimacy (Alessa, 2024). Therefore, this theory provides a rationale for the government's adoption of IPSAS as a response to pressures aimed at improving transparency and public accountability.

Public Accountability Theory emphasizes that government institutions bear both moral and legal responsibilities to justify the use of public resources to citizens and oversight bodies (Sinclair, 1995). Public accountability is not merely administrative but also represents a mechanism of social responsibility. Within the scope of this study, the implementation of IPSAS enhances accountability by providing financial statements that are verifiable and publicly comparable (Hayat et al., 2020).

Good Governance Theory asserts that transparency, accountability, participation, effectiveness, and the rule of law are the fundamental principles of good governance (UNDP, 2014). Transparency and accountability are parallel dimensions that mutually reinforce each other. Transparency ensures access to public information, while accountability guarantees responsibility for decision-making and the use of public resources (Hood, 1991). Therefore, this theory provides the conceptual foundation for understanding the interrelationship between IPSAS implementation, transparency improvement, and enhanced public accountability.

Conceptual Synthesis Among Variables

This study establishes a conceptual relationship between the implementation of the International Public Sector Accounting Standards (IPSAS), the quality of financial reporting, public transparency, and public accountability within the context of public sector financial governance in Timor-Leste.

IPSAS and the Quality of Financial Reporting

Based on institutional theory, the implementation of IPSAS is believed to enhance the quality of financial reporting through the standardization of procedures for recording, recognition, and disclosure of government financial transactions. (Ocansey et al., 2025). By complying with consistent international guidelines, public institutions can produce financial reports that are more reliable and comparable across periods and among government agencies.

Proposition 1: The implementation of IPSAS has a positive effect on improving the quality of public sector financial reporting in Timor-Leste.

Quality of Financial Reporting and Public Transparency

Based on Good Governance Theory, high-quality financial reporting serves as the foundation for enhancing public transparency. Comprehensive, timely, and easily accessible financial reports enable citizens and oversight institutions to better understand the government's fiscal position objectively (KSAP., 2025). Accordingly, the higher the quality of financial reporting, the greater the level of transparency in public financial management.

Proposition 2: Improved financial reporting quality contributes to improving transparency in public financial management.

Quality of Financial Reporting and Public Accountability

According to Public Accountability Theory, accurate, truthful, and verifiable financial reports serve as a fundamental instrument to ensure public accountability (Zibaghafa et al., 2024). High-quality financial reporting enables public officials to justify fiscal policies and the use of state funds in an open and auditable manner.



Proposition 3: Enhanced financial reporting quality strengthens governmental accountability in public financial management.

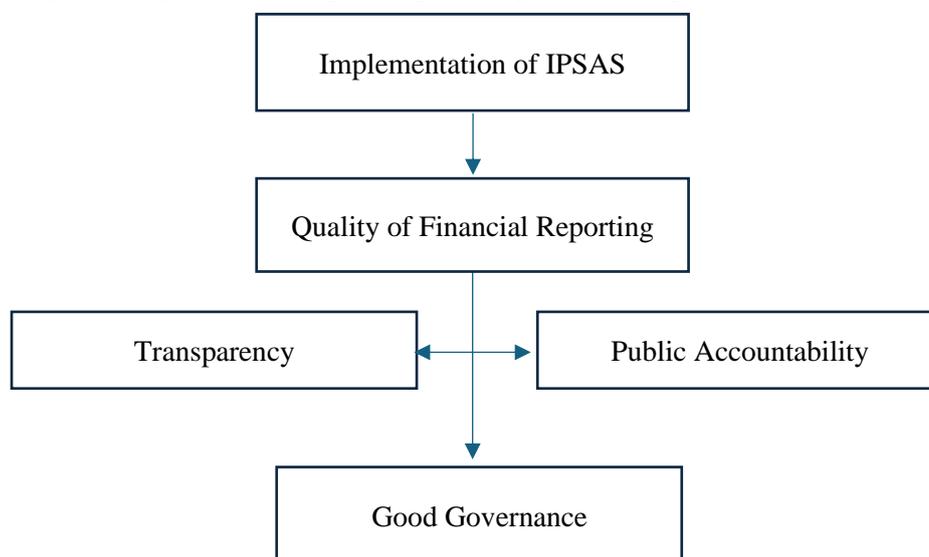
Transparency and Public Accountability

Transparency and public accountability are intrinsically interconnected within the framework of Good Governance. Transparency ensures that information is openly accessible to the public, while accountability guarantees that such information is used as the basis for evaluating government performance (Sendika et al., 2025;Iznillah & Basri, 2018). In other words, transparency strengthens accountability, and accountability demands a higher level of transparency in every government action.

Proposition 4: Transparency and accountability are parallel principles that mutually reinforce each other in achieving effective public financial governance.

Conceptual Framework

The conceptual model of this study illustrates the interrelationships among key variables and explains how the adoption of the International Public Sector Accounting Standards (IPSAS) enhances the quality of financial reporting, which in turn strengthens public transparency and accountability, thereby contributing to improved governance performance.



Source: Author’s synthesis (2025)

Figure 1.
Conceptual Framework.

This model illustrates that the success of IPSAS implementation is not solely measured by technical compliance with the standards but also by its cascading effects on government governance. IPSAS serves as a key driver in establishing a public financial reporting system that is accurate, transparent, and accountable, ultimately strengthening governmental performance that is effective, efficient, and integrity-driven.

RESEARCH METHOD

Type of Research

This study constitutes a conceptual inquiry employing a descriptive qualitative approach, as outlined by Creswell & David Creswell (2018). The primary objective is to gain an in-depth understanding of both normative and empirical aspects related to the implementation of the International Public Sector Accounting Standards (IPSAS) within the context of developing countries, with particular reference to Timor-Leste. This approach was

selected because of its relevance to the research aim, namely to analyze the relationship between IPSAS-based public sector accounting policies and the enhancement of fiscal transparency and public accountability within the framework of the good governance principle.

The method is not intended to produce statistical generalizations; rather, it seeks to explore the interconnections among concepts grounded in theoretical foundations, regulatory frameworks, and institutional dynamics shaping public accounting practices. Consistent with the perspective of *Cuadrado-Ballesteros & Bisogno (2021)*, conceptual studies based on literature play a crucial role in building a comprehensive theoretical understanding of public sector accounting reforms in countries with varying levels of policy adoption.

This research integrates three principal theoretical frameworks.

1. Institutional Theory, which explains the process of IPSAS institutionalization within bureaucratic structures and the pursuit of institutional legitimacy;
2. Public Accountability Theory emphasizes the role of financial reporting as a primary instrument of public accountability;
3. Good Governance Theory regards transparency and accountability as fundamental pillars of an effective and integrity-driven system of public financial governance.

Sources and Data Collection Techniques

This research employs secondary data obtained through a systematic literature review approach and the analysis of official policy documents. The data are classified into two main categories:

1. Official Policy and Regulatory Documents, including:
 - a) Decreto-Lei No. 20/2022 on state financial management;
 - b) The National Accounting Reform Policy (2022–2027);
 - c) Conta Geral do Estado (General State Accounts/Financial Reports) for 2022–2024;
 - d) Guidelines issued by international organizations such as IFAC, IMF, and UNDP.
2. Scientific Reports and Cross-Country Case Studies, consisting of peer-reviewed journal articles indexed in Scopus, SINTA, and Web of Science, published during the period 2022–2025. These include publications from *Financial Accountability & Management* and the *International Journal of Public Administration*. Comparative studies also encompass analyses of IPSAS implementation in Ghana (Saeed, 2024), Portugal (Gomes et al., 2023), Indonesia (Hayat et al., 2020), and Myanmar (Cho et al., 2025), which serve as benchmarks for comparison with the Timor-Leste context.

The researchers' guide to selecting sources by considering their thematic relevance, publication credibility, and contribution to advancing conceptual understanding of IPSAS, fiscal transparency, and public accountability.

Data Analysis

The data analysis in this study combines two principal approaches: content analysis and comparative method.

1. Content Analysis

This technique is employed to identify themes, concepts, and theoretical indicators derived from the literature and policy documents. The analysis follows the stages of open coding, axial coding, and selective coding to uncover conceptual patterns relevant to fiscal transparency, accrual-based reporting, public accountability, and government financial information systems. (*Schmidhuber et al., 2022*). The results of this analysis are used to construct a conceptual framework that illustrates the interrelationships among the research variables.

2. Comparative Method

This method is applied to assess the effectiveness and readiness of IPSAS



implementation across three countries: Timor-Leste, Ghana, and Jordan. The comparison focuses on several dimensions, including:

- a) Institutional preparedness and financial reporting system
- b) Human resource capacity in public sector accounting
- c) Political commitment to public financial reform

The cross-country comparison enables the positioning of Timor-Leste within the broader spectrum of IPSAS adoption while simultaneously identifying both the inhibiting and supporting factors influencing its implementation.

Systematic Literature Review Procedures

This study applies the SLR procedure by referring to the PRISMA 2020 guidelines (Preferred Reporting Items for Systematic Reviews and Meta-Analyses. *Page et al., 2021*) and the methodology for developing evidence-informed management knowledge (Tranfield et al., 2003). This approach ensures that the processes of searching, selecting, and synthesizing literature are conducted in a transparent, structured, and replicable manner, consistent with international academic standards.

1. Planning and Defining the Research Focus: The research focus is formulated in the main research question: “How does the implementation of IPSAS contribute to enhancing fiscal transparency and accountability in developing countries, particularly Timor-Leste?” The scope of the study is limited to developing countries that have adopted or are implementing IPSAS within the framework of public sector accounting reform.
2. Literature Search Strategy: The literature search was conducted through databases such as Scopus, Google Scholar, and SINTA, covering publications from 2020 to 2025. The keywords used include “Public Sector Accounting Reform,” “Fiscal Transparency,” “Public Accountability,” and “Timor-Leste Public Finance.” Boolean operators (“AND,” “OR”) were applied, with searches focused on titles, abstracts, and keywords. All search results were managed using Mendeley software to prevent duplication and ensure traceability of references.
3. Kriteria Inklusi dan Eksklusi

Table 1.
Inclusion and Exclusion Criteria.

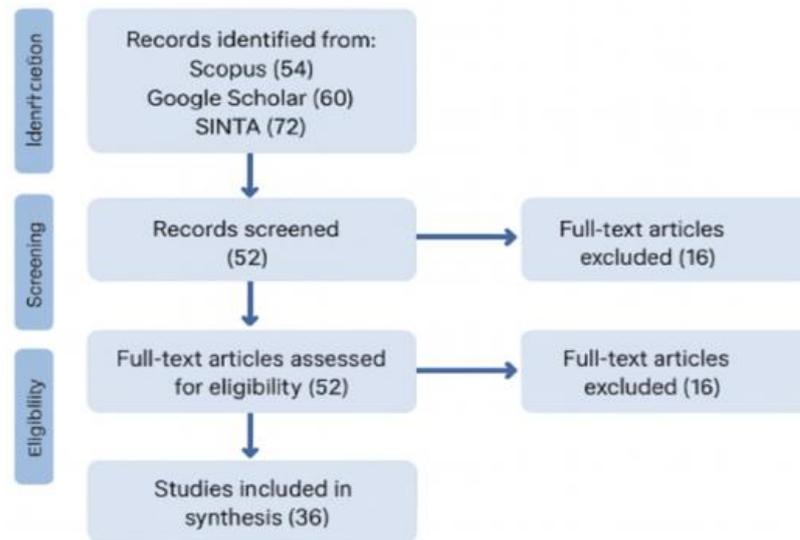
Criteria	Inclusion	Exclusion
Year of Publication	2020-2025	Before 2020
Language	English and Indonesian	Other Languages
Type of Publication	Peer-reviewed journals indexed in Scopus, SINTA, or Web of Science	Opinion pieces, blogs, working papers, non-peer-reviewed sources.
Research Context	Developing countries implementing IPSAS	Developed countries or contexts are deemed irrelevant.
Topic Relevance	IPSAS, fiscal transparency, or public accountability	Topics outside the research focus
Accessibility	Full-text available	Abstract only

Source: Author’s synthesis (2025).

4. Literature Selection Process
 The literature selection process followed the four main stages of the PRISMA framework:
 - a) Identification: A total of 186 records were retrieved from the three databases.
 - b) Screening: After removing duplicates, 142 articles remained.
 - c) Eligibility: Following thematic relevance screening, 52 articles qualified for full-text review.

d) Final Inclusion: A total of 36 articles met the final inclusion criteria and were subjected to further analysis.

5. PRISMA 2020 flow diagram



Source: Adapted from Page, M. J., McKenzie, J.E., Bossuyt, P. M., Boutron, I., Hoffmann, T. C., Mulrow, C. D., et al. (2021). *The PRISMA 2020 statement: An updated guideline for reporting systematic review*.

Figure 2.
PRISMA 2020 flow diagram

6. Data Synthesis: The selected articles were coded using thematic content analysis techniques, focusing on the following themes: public sector accounting reform based on IPSAS; fiscal transparency and accrual-based reporting; public accountability and financial governance; institutional capacity and human resources; and political commitment and international support. The synthesis of the literature was used to construct a conceptual matrix and a model illustrating the relationships among key variables, thereby providing a structured framework for analyzing the dynamics of IPSAS implementation in the context of public sector financial reform.

Validity and Reliability of the SLR Process

Validity was maintained throughout the study:

1. Source triangulation across academic literature, policy documents, and cross-country case studies.
2. An audit trail documenting all stages of the literature selection process.
3. Peer debriefing with public sector accounting experts to verify the consistency of the analytical results.

Reliability was ensured by applying consistent selection criteria and implementing an intercoder agreement to test the consistency of thematic coding among researchers.

Methodological Limitations

The primary limitation of this study stems from the limited availability of national empirical publications from Timor-Leste, which necessitated a greater reliance on international literature and official policy documents. Nevertheless, this limitation was mitigated through a novel approach.

1. In-depth theoretical analysis grounded in credible secondary data;



2. The application of systematic and transparent systematic literature review procedures;
3. The adoption of cross-country comparative approaches to enhance the contextual validity of the synthesized findings.

RESEARCH RESULTS

The findings of this study were developed through a systematic literature review and analysis of relevant policy documents on the implementation of the International Public Sector Accounting Standards in Timor-Leste and four comparative countries: Portugal, Indonesia, Ghana, and Myanmar. Based on the process of thematic synthesis, the principal findings are categorized into five key dimensions of public financial governance, namely:

1. Institutional Readiness

Institutional readiness is a critical determinant in the successful implementation of IPSAS. Portugal and Indonesia demonstrate a high level of preparedness through comprehensive regulatory frameworks, strong political support, and integrated institutional structures that align oversight, reporting, and public audit functions (*Salato et al., 2022*). In contrast, Timor-Leste remains in the reform stage, characterized by weak inter-agency coordination and significant reliance on external technical assistance (*Polzer et al., 2023*).

Weaknesses in the internal audit system have slowed the consolidation of fiscal policies and reduced the efficiency of public financial management (PFM) mechanisms. Accordingly, the institutional dimension emerges as a fundamental prerequisite for achieving governance alignment with IPSAS.

2. Human Resource Capacity

Human resource capacity is represented as a structural challenge in most developing countries. Portugal and Indonesia have established competency development systems through certification programs, continuous training, and professional academic collaboration in public sector accounting.

In contrast, Timor-Leste faces a shortage of professionals with expertise in accrual accounting principles, while training programs remain unsystematic and lack continuity (*Schmidhuber et al., 2022*). Similar conditions are observed in Ghana and Myanmar, both of which demonstrate a significant need for capacity building and knowledge transfer to ensure the effective adoption of IPSAS (*Cho et al., 2025*).

3. System Integration and Technology Readiness

The successful implementation of IPSAS is highly dependent on the readiness of government financial information systems. Countries with integrated Financial Management Information Systems (FMISs), such as Portugal and Indonesia, have achieved consistency in accrual-based reporting across ministries and agencies. In contrast, Timor-Leste continues to rely on a manual, cash-based reporting system that lacks a modern and integrated financial information infrastructure. This has resulted in reporting delays and data inconsistencies across institutions (*Upadhaya et al., 2024*). These conditions indicate that digital transformation constitutes a fundamental prerequisite for the effective operation of IPSAS.

4. Fiscal Transparency

The implementation of IPSAS makes a tangible contribution to enhancing fiscal transparency. Countries that have fully adopted IPSAS, such as Portugal and Indonesia, provide real-time financial reports that are publicly accessible as open fiscal data (*Gomes et al., 2023*). In contrast, Timor-Leste remains at a normative stage, where IPSAS serves as a guiding framework for financial reporting, but the digitalization and openness of fiscal data remain limited (*Upadhaya et al., 2024*). Nevertheless, IPSAS has begun to create new opportunities for fiscal openness by disclosing liabilities, assets, and public debt that were previously obscured under cash-based systems (*Alessa, 2024b*). This evidence reinforces

the argument that IPSAS acts as a key catalyst for strengthening fiscal integrity and accountability, provided that its implementation is supported by strong political commitment and adequate infrastructural support.

5. Public accountability outcomes

From the perspective of theory, the adoption of IPSAS strengthens the legitimacy of public institutions by enhancing the reliability of financial information, which serves as the foundation for public accountability (Cuadrado et al., 2021; Omemgbeoji et al., 2024). Portugal demonstrates best practices through IPSAS-based public audits integrated with the European Union’s budgeting system, whereas Indonesia reinforces accountability through full accrual reporting and open audits conducted by the Supreme Audit Institution (Badan Pemeriksa Keuangan, BPK) in accordance with Government Regulation No. 71/2010. In contrast, Timor-Leste remains in a transitional stage, as IPSAS has not yet been fully established as a reference framework for fiscal decision-making. Nevertheless, the introduction of performance audits indicates a positive reform trajectory toward strengthening mechanisms of accountability.

DISCUSSION

The Interrelationship Between IPSAS, Transparency, and Accountability

The findings indicate that the implementation of IPSAS in Timor-Leste has significant potential to strengthen fiscal transparency and accountability, although its current impact remains limited. Based on institutional theory (DiMaggio & Powell, 1983), IPSAS adoption in Timor-Leste is largely driven by normative pressures from international donor agencies rather than by internal demands for reporting efficiency. Nevertheless, with the gradual enhancement of institutional and professional capacities, IPSAS can evolve into a strategic instrument for reinforcing governmental legitimacy through credible and internationally comparable fiscal reporting.

From the perspective of Good Governance Theory (Jabar et al., 2024), IPSAS functions as a catalyst for public financial reform toward transparent, accountable, and performance-oriented governance. Portugal and Indonesia provide empirical evidence that the integration of IPSAS into national reporting systems strengthens public trust and enhances the effectiveness of fiscal oversight. In contrast, Timor-Leste continues to face major challenges, particularly limited digital infrastructure, insufficient human resource capacity, and a bureaucratic culture that remains predominantly administrative and not yet oriented toward result-based management.

Table 2.

Comparison of IPSAS Implementation Across the Five Dimensions of Public Governance

Country	Institutional Readiness	Human Resource Capacity	Accrual Accounting Implementation	Fiscal Transparency	Public Accountability
Portugal	The implementation of an integrated IPSAS framework has been significantly facilitated by the strong support of the European Union	The presence of certified professionals is reinforced through ongoing IPSAS training programs	Implementation of the full accrual basis has been achieved throughout the public sector	The adoption of real-time online financial reporting has enhanced transparency and efficiency in public finance	The adoption of IPSAS-based public audits has strengthened compliance with international accounting standards
Indonesia	Since 2015,	The	The	The Supreme	Strengthening



Country	Institutional Readiness	Human Resource Capacity	Accrual Accounting Implementation	Fiscal Transparency	Public Accountability
	comprehensive public financial reforms have been pursued in an integrated manner.	development of national certification and training programs has enhanced institutional capacity and professional standards.	implementation of accrual accounting is carried out in accordance with Government Regulation No. 71/2010.	Audit Institution and the Ministry of Finance provide access to public reports.	performance audits and ensuring transparency in the management of the state budget..
Ghana	The ongoing reform agenda has been marked by progressive enhancements in inter-agency coordination	The provision of IPSAS training continues to be limited, hindering effective capacity building	The application of semi-accrual accounting is currently implemented within several key ministries	Although public reports are accessible, their release is often subject to significant delays.	The mechanisms of legislative accountability continue to be suboptimal, limiting effective oversight
Myanmar	Support for the reform was provided by both the Asian Development Bank (ADB) and the World Bank	The availability of technical and professional IPSAS training continues to be limited, hindering effective implementation	IPSAS implementation commenced with pilot projects as an initial stage.	Significant improvements in transparency have been observed within the Ministry of Finance	The practice of result-based reporting continues to be constrained, limiting its effectiveness in public sector accountability.
Timor-Leste	Weak inter-unit coordination persists, while institutional structures remain fragmented and lack consolidation.	The limited availability of IPSAS-trained professionals continues to hinder institutional capacity and reform progress.	Public financial management continues to depend on a cash basis, as accruals have not yet been introduced	The current fiscal reporting process is still manual, with real-time mechanisms yet to be established	Legislative oversight and public audit mechanisms remain weak, limiting their effectiveness in ensuring accountability

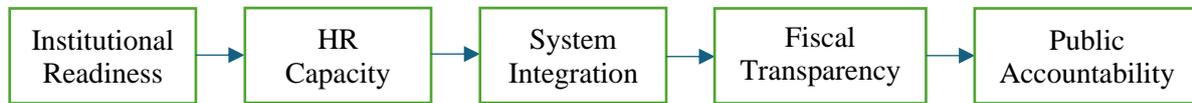
Source: Author’s synthesis based on SLR and secondary data (Polzer et al., 2023; Gomes et al., 2023; Cuadrado et al., 2021; Schmidhuber et al., 2022; Upadhaya et al., 2024).

The table illustrates that Portugal and Indonesia occupy leading positions in IPSAS, with strong institutional readiness, robust human resource capacity, and full accrual adoption that have collectively supported significant improvements in fiscal transparency and accountability. In contrast, Timor-Leste remains at an early stage, facing fundamental challenges in both institutional structures and human resources. The country must strengthen its technical capacity and accelerate the transition toward an accrual-based system for IPSAS to function optimally as an instrument of good governance. Meanwhile, Ghana and Myanmar demonstrate gradual progress, although both continue to face limitations in audit systems and

inter-agency coordination.

Visualization

To clarify the interrelationships among the dimensions, the following thematic map illustrates the causal pathways between institutional factors and public governance outcomes.



This model underscores that the success of IPSAS depends not only on the technical aspects of financial reporting but also on institutional readiness and human resource capacity as foundational elements. A well-integrated financial system fosters higher levels of fiscal transparency, which in turn strengthens public accountability and governmental legitimacy.

CONCLUSION

This study affirms that the implementation of the International Public Sector Accounting Standards (IPSAS) plays a strategic role in strengthening fiscal transparency and accountability, particularly in developing countries such as Timor-Leste. Through a systematic literature review approach, this research identifies five key dimensions that determine the effectiveness of IPSAS implementation: institutional readiness, human resource capacity, system and technology integration, fiscal transparency, and public accountability.

Conceptually, the findings demonstrate that the success of public financial reform does not depend only on the adoption of international accounting standards but also on the synergy between institutional factors and digital readiness. IPSAS functions as an instrument of institutional legitimacy, bridging Institutional Theory and Public Accountability Theory within the broader context of public financial governance. Accordingly, this study proposes a new conceptual framework that emphasizes the importance of the institutional readiness–digital integration nexus as a prerequisite for successful IPSAS adoption in developing countries.

The novelty of this research lies in its contextual analysis of post-transitional states, where public accounting reform is not merely a technocratic process but also part of broader efforts to build public trust and governmental legitimacy within post-conflict settings. In the case of Timor-Leste, IPSAS can serve as a strategic instrument for strengthening fiscal credibility and promoting sustainable public governance. However, its implementation continues to face structural constraints, including institutional resistance, limited professional capacity, and inadequate financial information infrastructure. Without consistent political and institutional support, IPSAS reform risks becoming merely symbolic (institutional isomorphism) rather than transformative.

This study is limited by its reliance on secondary data derived from the SLR and policy analysis, without direct empirical verification through interviews or surveys regarding policy implementation in Timor-Leste. Furthermore, methodological variations among the reviewed studies may affect the consistency of interpretations.

From a theoretical perspective, the findings expand the understanding of the relationship between international accounting standards and institutional legitimacy within the context of post-transitional states. In practical terms, the findings suggest that IPSAS adoption should be regarded not merely as an administrative obligation but as a fiscal governance strategy to strengthen transparency, integrity, and public trust in government.

Recommendation

From a policy perspective, this study offers several strategic recommendations for Governing Timor-Leste, particularly the Ministry of Finance.



1. Strengthen institutional and human resource capacities through intensive training programs, IPSAS certification, and knowledge exchange with countries that have successfully implemented IPSAS.
2. Developing a phased implementation roadmap encompassing planning, pilot projects, evaluation, and nationwide replication, supported by transparent monitoring and evaluation mechanisms.
3. Establish an integrated public financial information system to accelerate accrual-based reporting, reduce fiscal data gaps, and expand international cooperation with the International Monetary Fund, the World Bank, and the United Nations Development Programme (UNDP) to secure sustained technical assistance and financing.

From an academic perspective, future research should integrate empirical data using quantitative or mixed-method approaches to measure the impact of IPSAS adoption on fiscal transparency indicators, such as the Open Budget Index and the Corruption Perceptions Index. In-depth case studies within Timor-Leste's ministries are also necessary to trace operational-level implementation challenges.

Furthermore, comparative analyses among member states of the Community of Portuguese Language Countries could enrich the understanding of how political factors, bureaucratic culture, and technical support influence the success of IPSAS adoption in developing and post-transitional contexts.

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