Standardizing Trust or Performing Control? IPSAS, Fraud, and the Rituals of Accountability in EU Recovery Governance

Abstract:

This paper theorizes International Public Sector Accounting Standards (IPSAS) as governance infrastructures that perform accountability rather than secure it. In the context of the European Union's Recovery and Resilience Facility (RRF), IPSAS - based frameworks are increasingly used to demonstrate fiscal responsibility and unlock conditional funding. We argue that these standards operate less as instruments of financial integrity and more as tools of symbolic compliance. Drawing on critical infrastructure theory and the concept of audit performativity, the paper develops a conceptual model that situates IPSAS within broader struggles over legitimacy, control, and institutional capacity. Through comparative analysis of fraud - prone RRF cases in Italy, Austria, and Greece, we show how IPSAS adoption facilitated milestone compliance while obscuring operational vulnerabilities. Our findings reveal a persistent gap between the formal structure of accrual reporting and the substantive enforcement of financial accountability. By reframing IPSAS as socio - technical artefacts embedded in asymmetric fiscal governance, this study contributes to debates on ritualized audit cultures and the limits of supranational standardization. We conclude by calling for a shift in public sector accounting reforms: from performance display to embedded accountability, grounded in audit capacity, institutional readiness, and resistance to performative control.

Keywords:

IPSAS, Accountability, Conditionality, Fraud, Governance

JEL classification: H83, H26, H61, D73

1 Introduction

European governments face increasing pressure to modernize their public financial management systems and regimes, especially after worldwide crises, the COVID-19 pandemic and increasing demands for cross-border oversight. All the above could be addressed by a shift from cash-based accounting, out-aged, to an accrual-based accounting framework, namely the International Public Sector Accounting Standards (IPSAS). Although, Schmidthuber et al. (2022) and Christiaens et al. (2015) suggest that IPSAS is indeed a vehicle to enhance transparency, comparability and fiscal discipline, across jurisdictions, adopting and/or adjusting for major focal points raised by international organizations such as IFAC and the World Bank, IPSAS implementation is far from a neutral or purely technical exercise. Rather, it often entails deep political and institutional transformations, revealing tensions between symbolic compliance and substantive reform (Lapsleyet al., (2009); Oulasvirta, 2014).

In line with Lapsley et al. (2009) and Oulasvirta, (2014), it is more than apparent that such an implementation is mainly driven by political and institutional transformations. This very fact reveals tensions between symbolic compliance and substantive reform. These tensions are particularly visible in the context of the European Union's Recovery and Resilience Facility (RRF) - a €723.8 billion conditional funding mechanism introduced in response to the COVID-19 crisis. The RRF ties fund disbursement to the achievement of performance-based milestones, including reforms in financial governance, anti-fraud controls, and auditability. Although the legal texts of the RRF do not explicitly mandate IPSAS adoption, the technical and institutional expectations embedded in its reporting architecture align closely with IPSAS principles (European Court of Auditors, 2025; Birritteri & Tatì, 2024). This creates a form of de facto IPSAS convergence, particularly in how recipient states must demonstrate financial integrity and institutional credibility to EU oversight bodies.

While existing literature has examined the normative and technical features of IPSAS (Bastida & Benito, 2007; Benito, Brusca & Montesinos, 2007), as well as its symbolic functions (Bakre & McCartney, 2022; Lehman, 2005), relatively little attention has been paid to how IPSAS-based frameworks function within conditional funding regimes such as the RRF. Prior studies have explored how accounting standards are used to perform legitimacy, signal alignment with global norms, or discipline the public sector through neoliberal reforms (Neu & Ocampo, 2006; Jeppesen, 2010). However, there remains a critical gap in understanding how IPSAS operates under conditions of milestone-driven conditionality, where performance audits, formal indicators, and supranational reporting systems risk substituting for genuine democratic accountability (Hyndman et al., 2018; Gendron, Cooper & Townley, 2001).

This paper addresses that gap by asking the following research question: How do public sector accounting standards, and specifically IPSAS-based frameworks, shape institutional capacity to safeguard financial integrity in conditional funding regimes such as the EU Recovery and Resilience Facility?

To answer this, the paper adopts a critical-institutional perspective that treats IPSAS not simply as a financial reporting tool, but as a socio-political artefact embedded within regimes of oversight and control. Building on Power's (1997) notion of the "audit society," we argue that IPSAS functions as both a symbol of integrity and a technology of surveillance. In contexts such as the RRF, where accounting reforms are embedded in supranational conditionality, IPSAS facilitates what we term rituals of accountability—repeated acts of reporting, verification, and control that signal trustworthiness but may obscure persistent governance weaknesses (Lapsley, 2022; Grossi & Steccolini, 2015).

The paper offers a dual contribution. First, it reconceptualizes IPSAS as a performative governance infrastructure - a hybrid of technical procedure and institutional ritual—whose role extends beyond information provision to include the staging of credibility for external actors. This expands on existing studies that highlight the symbolic dimensions of accounting reforms, bringing them into dialogue with newer debates on conditional governance, EU fiscal oversight, and audit performativity (Bakre & McCartney, 2022; Neu & Ocampo, 2006). Second, the paper provides an empirically grounded analysis of how IPSAS-equivalent frameworks are deployed in three high-exposure member states - Italy, Austria, and Greece - drawing on recent fraud cases to illustrate the limits of formal reporting in safeguarding institutional integrity. These case studies reveal how accrual reforms, even when aligned with best practices, can become instruments of selective visibility, where compliance rituals mask deeper structural dysfunctions.

In doing so, the paper makes three broader theoretical interventions. First, it situates IPSAS within the literature on technologies of government, showing how accounting standards shape not only what is known, but what is governable. Second, it expands the notion of auditability from a technical condition to a socio-political outcome—produced, staged, and contested through performative routines. Third, it challenges the assumption that harmonization through IPSAS necessarily enhances democratic accountability, highlighting the importance of institutional context, administrative capacity, and the dynamics of conditionality.

Despite the growing volume of research on public sector accounting reforms, there remains a notable absence of critical, theory-informed analyses of how IPSAS functions within conditional funding architectures like the RRF. Existing studies tend to focus either on implementation metrics or normative discussions of transparency, often neglecting the symbolic and institutional consequences of accounting under supranational control. This paper addresses that gap by offering a conceptual exploration of IPSAS as a performative infrastructure that shapes, disciplines, and sometimes obscures the realities of fiscal governance. We adopt a conceptual design rather than an empirical one precisely because the aim is to interrogate the foundational assumptions embedded in IPSAS-based convergence - assumptions about legitimacy, accountability, and institutional integrity - that precede and condition observable outcomes. Drawing on critical accounting scholarship (Power, 1997; Lehman, 2005; Jeppesen, 2010; Bakre & McCartney, 2022), we develop a theoretical lens that frames IPSAS not merely as a tool for reporting but as a ritualized mechanism of control within multilevel governance regimes. In doing so, we seek to open a space for deeper reflection on the political and institutional logics that underpin contemporary public sector reforms in Europe.

The remainder of the paper is structured as follows. Section 2 outlines the global context, core principles, and governance function of the International Public Sector Accounting Standards (IPSAS). Section 3 provides a review of the relevant literature, focusing on IPSAS as governance infrastructure, the nature of conditionality under the RRF, and the persistent gap between formal compliance and substantive accountability. Section 4 examines the adoption and implementation of IPSAS within the European Union and selected international jurisdictions. Section 5 presents comparative experiences of IPSAS adoption and convergence in Europe and beyond, while section 6 focuses on the unique UK setting, where without ISPAS adoption standards, influences and notion are in line with public reporting needs. Section 7 discusses the relationship between recovery and resilience facility (RRF) funding and IPSAS - equivalent accounting frameworks. Section 8 investigates how these frameworks address fraud - related vulnerabilities in RRF implementation. Section 9 presents real - world fraud cases from Italy, Austria, and Greece to assess the operational limits of IPSAS - based controls. Finally, Section 10 concludes with theoretical reflections and policy implications, calling for more adaptive and integrity - driven reforms in European public sector accounting.

2 International Public Sector Accounting Standards (IPSAS): Global Context, Application, and Impact

The development of International Public Sector Accounting Standards (IPSAS) and is underlying necessity, reveals how public entities across the world conceptualize and operationalize financial reporting, within or besides recent macroeconomic events (global financial crisis, the COVID19 pandemic etc). ISPAS addressing financial reporting needs for the public sector and specifically the chronic shortcomings of cash - based accounting systems that historically dominated governmental financial practices, the inability to fully recognize liabilities, monitor asset use, or evaluate intertemporal fiscal sustainability - contributed to obscured deficits, inefficient resource allocation, and diminished public accountability contributed to obscured deficits, inefficient resource allocation, and diminished public accountability. The notion was to introduce a new level of integration across the public sector by requiring the consolidation of financial statements for all entities under common control. This Whole - of - Government Accounting (WGA) approach is particularly significant in jurisdictions with highly fragmented public sectors. The need addressed was to promote the standardization of accounting policies and eliminate intra - governmental transactions that obscure fiscal reality.

However, WGA's implementation varies. On the one side, we have countries - such as Greece, Portugal, and Indonesia - that enacted legislation to adopt IPSAS or ISPAS-aligned frameworks, but at the same time exhibit substantial implementation challenges.

Difficulties arise due to technical capacity gaps, infrastructural weaknesses, cultural inertia within entrenched cash - accounting bureaucracies etc. Thus, one could argue that these cases suggest that we face a symbolic adoption of standards without corresponding structural change, a rather broader phenomenon in respect to this global public sector reform. On the opposite side, there are countries exhibiting established comprehensive accrual - based WGAs aligned with IPSAS inspired frameworks – such as New Zealand, Switzerland, South Africa, Peru, and Ecuador. These countries have institutionalized accrual - based accounting through binding legislation as well as full - system reforms. This type of commitment underscores the importance of political will, administrative capacity, and long - term reform planning in embedding international standards.

However, countries in Sub - Saharan Africa and South Asia, have chosen to implement IPSAS voluntarily (eg. Tanzania, Uganda, Rwanda, Nepal, and Sri Lanka). These countries as a response to external donor pressures or in efforts to strengthen domestic governance, pursued IPSAS - based reforms. These transitions, though commendable, often proceed incrementally and are vulnerable to setbacks without sustained investment in institutional capability and systems modernization[1].

Overall, IPSAS pursue a global more transparent, accountable, and harmonized public sector financial reporting system. However, their real - world practical implications vary markedly depending on local legal frameworks, administrative traditions, and political commitments. Implementing IPSAS should not be seen as merely a technical task - it carries significant implications for governance, transparency, and public accountability - but rather as a deeply institutional reform. Under this view, one should go beyond formal compliance and examine the extent to which these standards actually reshape financial accountability and decision-making in practice.

[1] We have to note here that, in many Francophone African states, national accounting systems remain aligned with older frameworks like SYSCOA or OHADA, which emphasize legalistic, budget - centric reporting over economic substance. Likewise, in federal systems such as the United States and Germany, public sector accounting is guided by domestic standards (FASAB, GASB, or local variants), and there is little political appetite for wholesale IPSAS adoption. These cases illustrate the enduring influence of legal and constitutional structures on accounting choices and underscore the limitations of international standard - setting in the absence of enforcement mechanisms.

The diversity in IPSAS adoption across jurisdictions reflects not only variations in technical readiness but also deeper institutional, political, and fiscal dynamics. To illustrate this variation, Table 1 summarizes the current IPSAS adoption status by global region as of 2024. The table highlights the uneven landscape of IPSAS adoption across global regions, illustrating how legal mandates do not always translate into full implementation.

[Insert Table 1 here]

Importantly, the table does more than classify regions by compliance level. Notably, Table 1 reveals that contextual factors - such as administrative capacity, political will, and institutional frameworks - play a critical role in shaping adoption trajectories. Patterns presented reaffirm that IPSAS implementation is as much about strategic alignment and institutional trust as it is about accounting mechanics. Such distinctions are essential when evaluating the transformative capacity of IPSAS as a global standard in public accountability. While IPSAS offer a structured framework for enhancing the quality and integrity of public financial reporting, their adoption and implementation are subject to a complex interplay of systemic barriers and enabling conditions. The challenges merely reflect deeper structural and institutional realities that shape how public accountability reforms unfold within different national contexts.

Among the most significant obstacles is the high cost associated with transitioning to IPSAS - compliant systems [among others, financial burden of upgrading information systems and investing in enterprise resource planning (ERP) tools, the considerable human capital required to retrain civil servants and financial staff]. At the same time, several key drivers have catalyzed IPSAS reform across a wide range of jurisdictions (eg. the conditionality framework imposed by international financial institutions such as the IMF, World Bank, and European Union). These bodies frequently link IPSAS convergence to broader governance and fiscal reform agendas, particularly in the context of structural adjustment programs or post - crisis recovery initiatives. Moreover, external audit assurance and independent fiscal oversight are of growing demand since their professional independent expertise is essential to improve the quality of their financial reporting systems. Given several past and ongoing scandals, where public trust has been eroded, pressure from civil society, media, and legislative bodies has further accelerated the shift toward IPSAS - based reporting.

Meaningful adoption, leading to the relevant success for all stakeholders, cannot be credited solely by the enactment of legislation or the publication of compliant reports. It is essential to assess the degree to which IPSAS implementation reshapes accountability relationships, strengthens fiscal stewardship, and builds a more transparent public finance architecture. Existing literature on the field provide evidence that, although it seems as a formal compliance with global accounting standards, at the same time it may conceal deeper tensions related to local legitimacy, bureaucratic capacity, and asymmetrical power dynamics in the public sector (Brusca et al., 2013; Christiaens et al., 2015; Guthrie et al., 2020).

Both Christiaens et al. (2015) and Brusca et al. (2013), highlight how IPSAS implementation is rather symbolic rather than of substantive, especially in jurisdictions lacking institutional readiness and emphasize the challenges posed by limited administrative capacity and the risk of externally driven reforms failing to embed locally. Guthrie et al. (2020) further argue that global public sector accounting reforms may mask contextual complexities and political trade – offs, while promoting comparability. All of the above being said, the IPSAS reform agenda is a rather controversial issue, since it encompasses both opportunities and risks. Enhanced transparency and comparability in public financial reporting is a clear opportunity, while superficial convergence driven more by external pressures than by internal institutional maturity is a clear risk.

We draw our inspiration from this and we conceptualize how IPSAS is put into practice across different settings by examining the real-world challenges and institutional impacts. Rather than treating this global public sector reform as a one-size-fits-all solution, we argue that discuss how it calls for a more grounded and responsive approach, taking local conditions seriously and promoting genuine accountability. Although the technical strengths and harmonization goals of IPSAS have been widely discussed, there is a gap in existing literature in respect to how these standards operate in practice/are implemented, particularly within the layered dynamics of multilevel governance and financing conditions (Bakre & McCartney, 2022; Grossi & Steccolini, 2015; Brusca et al., 2021).

Particularly in the context of the EU's Recovery and Resilience Facility (RRF), where performance - based disbursement mechanisms intersect with national financial reporting systems, the role of IPSAS - based frameworks extends well beyond compliance. They are increasingly expected to serve as institutional safeguards—tools capable of constraining fraud, enhancing traceability, and reinforcing the credibility of milestone verification. Yet the effectiveness of these standards remains uneven, shaped by administrative capacity, digital infrastructure, political incentives, and the interpretive flexibility of the standards themselves.

These conditions prompt important questions about whether international accounting standards genuinely enhance financial integrity in environments where funding stakes are high (Christiaens et al., 2015; Hamed-Sidhom & Loukil, 2021; European Court of Auditors, 2025). In response, this study examines how technical reforms like IPSAS interact with institutional resilience, framing its inquiry around the following research question:

How do public sector accounting standards, and specifically IPSAS - based frameworks, shape the institutional capacity to safeguard financial integrity in conditional funding regimes such as the EU Recovery and Resilience Facility?

3. Literature review and Theoretical Framework

3.1 Literature review

The adoption of International Public Sector Accounting Standards (IPSAS) has become a central feature of contemporary public sector reform agendas. Advocated by international organizations such as the IFAC and the World Bank, IPSAS promises to enhance transparency, comparability, and fiscal accountability across jurisdictions. As Schmidthuber, Hilgers and Hofmann (2022) argue, IPSAS offers a harmonized framework intended to strengthen institutional trust in public financial management, particularly in contexts where financial mismanagement and opacity have historically undermined governance. Nogueira and Jorge (2023) through a bibliometric study, argue how interest in accrual-based reforms has expanded across emerging economies. Their analysis also reveals notable regional gaps, which continue to shape how IPSAS is understood and debated on the global stage.

Christiaens et al. (2015) through a comparative analysis, also document the reforming impact of IPSAS adoption across various jurisdictions, noting both its harmonizing potential and context-specific implementation challenges. Bastida and Benito (2007), drawing on cross-national data, provide evidence that IPSAS reforms have contributed to enhanced disclosure quality, more comprehensive financial statements, and greater public access to fiscal information. These improvements, however, are not automatic; they depend on the depth of implementation and the integrity of associated governance mechanisms. In the context of the RRF, this raises the question of whether IPSAS-based reporting structures are deployed to substantively improve fiscal transparency or merely to fulfil visibility requirements in milestone assessments. Benito et al. (2007) provide early empirical support for this perspective, showing how IPSAS has contributed to the harmonization of government financial information systems across EU member states. Yet, the literature reveals a more nuanced and contested terrain.

A growing body of critical research suggests that IPSAS adoption is as much a political and symbolic act as it is a technical reform (Oulasvirta, 2014). National resistance to IPSAS adoption cannot always be attributed to weak institutional capacity or lack of reform commitment; in some developed countries, such resistance reflects deliberate policy choices grounded in administrative tradition and professional contestation. As Caperchione and Rocher (2012) illustrate in the case of Finland, the reluctance to embrace IPSAS stems from a combination of institutional self-confidence, legal incompatibility, and skepticism toward externally imposed standards. This case underscores that non-adoption may itself be a strategic decision to preserve nationally embedded accounting logics. In the broader context of EU fiscal governance, it also complicates the assumption that IPSAS-based frameworks represent a universally desired or politically neutral pathway to accountability.

Lapsley, Mussari and Paulsson (2009) identify IPSAS as a "self-evident" reform, meaning its legitimacy is often assumed rather than empirically demonstrated. The mere adoption of IPSAS, particularly in the EU and international organisations, frequently serves to signal compliance with global standards and thereby foster external legitimacy. However, such adoption often masks the persistence of national accounting idiosyncrasies and fragmented implementation, raising questions about whether IPSAS enhances actual accountability or merely performs it.

It is already well established that accounting standards carry a performative function. Such standards often shape institutions and reinforce governance models, instead of acting as neutral tools for financial reporting. Both Lehman (2005) and Neu and Ocampo (2006) highlight how global accounting standards can serve as instruments of ideological control, privileging international financial interests while marginalizing local values and needs. In more recent studies, Bakre and McCartney (2022) and Hyndman et al. (2018) both suggest that public sector accounting reforms, such as IPSAS, often function less as tools for financial transparency and more as instruments of neoliberal governance—disciplining institutions through market-based logics while primarily serving to symbolically legitimate reform agendas.

Another aspect is the relationship between IPSAS and institutional capacity. Although some studies argue that IPSAS adoption can promote fiscal transparency and curb corruption, these outcomes largely depend on the strength of a country's institutional environment (Atuilik, 2019; Njiru & Owiti, 2018; Hamed Sidhom & Loukil, 2021). Notably, in settings characterized by administrative weakness or legal ambiguity, the implementation of IPSAS often remains superficial or symbolic. In contrast, resistance to IPSAS in more robust systems may stem less from technical capacity issues and more from underlying political dynamics or professional resistance (Oulasvirta, 2014).

These tensions are especially clear in how conditional funding schemes like the European Union's Recovery and Resilience Facility (RRF) are governed. The European Union's Recovery and Resilience Facility (RRF) establishes a multilayered system of oversight, requiring recipient states to demonstrate sound financial management, anti-fraud measures, and performance-based budgeting in exchange for funding (The European Court of Auditors, 2025; Birritteri and Tatì, 2024). Within this context, IPSAS functions as more than just a technical reporting tool; it becomes part of a broader set of symbolic practices through which signal fiscal responsibility to external actors. In doing so, it serves a dual purpose: demonstrating alignment with governance reform agendas and enabling external oversight and control.

Jeppesen (2010) and Grossi and Steccolini (2015) argue on how the implementation of public sector standards reshapes accountability boundaries, often redefining what constitutes a reportable entity and expanding the perimeter of auditability. In these contexts, accounting standards operate not just as technical tools but as performative acts that help states appear credible and compliant to funders, creditors, and international oversight bodies. These dynamics apply in multi-level governance systems, where national institutions must reconcile domestic political priorities with externally imposed compliance metrics.

All of the above being said, existing literature on the field offers two key insights. First, IPSAS adoption cannot be viewed solely as a technocratic decision but rather as a socially constructed process embedded in broader political and institutional logics. Second, IPSAS serves as the intersection of trust and control - a symbol of integrity and at the same time as a mechanism of verification, in conditional funding regimes such as the RRF. This duality is central to understanding the evolving role of accounting in contemporary governance.

3.2 Theoretical Framework

This paper draws on a critical-institutional framework to explore IPSAS not merely as a tool for financial reporting, but as a socio-political mechanism embedded within systems of conditional governance. We draw inspiration from multiple sources. First, there is Power's (1997) notion of the "audit society," where the author considers accounting standards as institutional artefacts that shape how states engage with funders often through ritualized expressions of transparency and control. Second, Lapsley (2022) questions the continued relevance of New Public Management, suggesting that IPSAS should be viewed within the broader, contested landscape of public sector accountability.

This study builds on the idea that IPSAS operates on two interconnected levels: symbolically, as a signal of trust and legitimacy, and instrumentally, as a mechanism of external oversight. IPSAS not only projects an image of fiscal responsibility, in respect to funding contexts such as the EU's Recovery and Resilience Facility (RRF), but also embeds systems of control, making this dual role central to its function and impact. By taking into account that the use of IPSAS often takes the form of a highly codified performance (symbolic in most cases) rather than focusing solely on the informational value of financial reports, the emphasis shifts toward satisfying external expectations of legitimacy, audit-readiness, and procedural compliance (true essence), IPSAS becomes part of a broader narrative of fiscal integrity, performed as much for supranational audiences as for domestic accountability.

We argue that global accounting standards such as IPSAS are not politically neutral instruments but deeply embedded in power structures that shape how states are evaluated and governed. Foundational critical studies, including Gendron et al. (2001), Lehman (2005), and Jeppesen (2010), challenge the assumption that accounting and audit practices are purely technical. These scholars argue that such standards often serve ideological and symbolic functions - projecting control, objectivity, and legitimacy while obscuring deeper institutional or political tensions. Most important audits, in particular, are shown to act as performative rituals under New Public Management, reinforcing surface-level accountability while limiting room for structural critique. This early notion is further developed by Neu and Ocampo (2006), who conceptualize accounting as an "informing technology." From this perspective, standards like IPSAS render public finances selectively visible to supranational actors - enabling oversight and comparison, but only within the dimensions they are designed to illuminate.

This very fact raises our central question: *does IPSAS meaningfully enhance transparency and integrity, or does it risk reinforcing performative compliance within conditional funding regimes?*

Increasingly, public sector accounting standards are positioned as tools for evaluating government performance. However, Besant-Jones (2014) argue that audits only gain real democratic traction when they stimulate public debate and collective reflection. Without an active civic environment, IPSAS risks becoming a technocratic tool - generating data for external compliance rather than fostering the kind of public scrutiny needed for meaningful institutional reform (Besant-Jones, 2014). As existing literature suggests, the accountability promised by global standards remains incomplete unless embedded within wider structures of transparency, contestation, and democratic responsiveness (Gendron et al., 2001; Lehman, 2005; Jeppesen, 2010; Neu & Ocampo, 2006).

This theoretical foundation sets the stage for the analysis that follows. It explores how IPSAS is deployed within the EU's Recovery and Resilience Facility (RRF) to promote financial integrity, and what this use reveals about shifting understandings of public accountability within the European governance landscape. The present study builds on Lapsley and Miller's (2019) work, which highlights how managerial thinking, performance pressures, and accounting tools have come to shape public sector reform over time. Against this backdrop, the central research question guiding this paper is:

How do public sector accounting standards, and specifically IPSAS-based frameworks, shape the institutional capacity to safeguard financial integrity in conditional funding regimes such as the EU Recovery and Resilience Facility?

3.3 Gaps in the Literature and Theoretical Contribution

Despite an expanding body of literature on IPSAS and public sector financial governance, several critical gaps remain unaddressed. Firstly, existing studies tend to polarise the treatment of IPSAS either as a technical reform tool (Schmidthuber et al., 2022; Atuilik, 2019) or as a symbolic act of compliance with international norms (Chow and Pontoppidan, 2019; Oulasvirta, 2014). While studies such as Benito et al. (2007) document the functional benefits of IPSAS in promoting financial system modernization, they often stop short of examining its symbolic or political dimensions. These perspectives, while informative, are rarely synthesized into a unified conceptual framework that accounts for the dual function of IPSAS as both a performative symbol and an operational mechanism of control. This fragmentation limits the explanatory power of current theoretical accounts, particularly when applied to complex governance contexts like the EU's Recovery and Resilience Facility (RRF).

Although critical studies have explored the performativity and ideological nature of accounting standards (Lehman, 2005; Bakre and McCartney, 2022), their focus often remains abstract or limited to single-jurisdiction case studies. The application of these perspectives to conditional funding regimes governed by supranational bodies - such as the European Commission's oversight under the RRF - remains under-theorized. Jeppesen (2010) and Grossi and Steccolini (2015) offer early contributions on standard-setting resistance and boundary redefinition, but these insights have yet to be systematically linked to the accountability architecture embedded in post-crisis recovery mechanisms. This absence becomes particularly salient given the RRF's heavy reliance on institutionalized rituals of oversight and audit, where accounting standards play a vital performative role.

Moreover, there is limited integration of IPSAS literature with broader debates on audit society, informing technologies (Neu and Ocampo, 2006), and multi-level governance accountability (Birritteri and Tatì, 2024; European Court of Auditors, 2025). While individual elements of these themes appear across various studies, few papers conceptualize how IPSAS operates within a layered system of trust, surveillance, and performance-driven legitimacy in conditional public finance. The emerging body of critical accounting research tends to focus on national policy environments or on the technicalities of adoption and implementation, without fully addressing the strategic role IPSAS plays in the orchestration of legitimacy across multi-level governance arrangements.

This paper addresses a key gap in the literature by offering a critical-institutional framework that reinterprets IPSAS not as a neutral technical tool, but as a socio-political artefact operating at the intersection of symbolic performance and procedural oversight. Rather than focusing solely on its impact on fiscal data quality or financial comparability, the study examines how IPSAS is mobilized to construct institutional narratives of credibility aimed at external funders and regulators. Framed as a boundary object, IPSAS is embedded in ritualized practices of accountability that shape how legitimacy is performed and evaluated - particularly within the post-crisis apparatus of fiscal surveillance.

The paper builds on insights from critical perspectives on neoliberal governance (Lehman, 2005; Sikka, 2015) and theories of performativity to show how IPSAS performs a dual role: projecting trustworthiness while enabling external control. This synthesis allows for a deeper understanding of how accounting standards function in environments shaped by reputational accountability and conditionality. By conceptualizing IPSAS as a performative mechanism of governance, the paper challenges the notion that public sector reforms are purely technical, revealing instead how they are staged, sustained, and politically negotiated.

Empirically, the study grounds this framework in the underexplored context of the EU's Recovery and Resilience Facility (RRF). It investigates how IPSAS is deployed to fulfil demands for financial integrity and institutional compliance, uncovering the symbolic and procedural functions of accounting standards in supporting EU oversight. This case highlights how IPSAS contributes not only to documenting performance but also to performing legitimacy under conditions of fiscal conditionality. In doing so, the paper offers new insights into how international accounting standards shape public accountability within supranational funding regimes.

Bringing together conceptual, theoretical, and empirical dimensions, this study contributes to broader debates on public sector accounting, international standardization, and EU governance. It invites a rethinking of accounting as a political and institutional practice-one through which trust, control, and accountability are continually enacted and conested.

4. Adoption and Implementation of IPSAS in the European Union and Selected Global Contexts

The process of adopting and implementing IPSAS across European Union member states reflects both the opportunities and challenges inherent in harmonizing public sector accounting standards within diverse legal, administrative, and political systems. While the International Public Sector Accounting Standards Board (IPSASB) offers a comprehensive accrual - based framework, actual adoption within the EU has been highly varied, with countries navigating a complex interplay of international convergence pressures and domestic institutional realities (reflecting the political and symbolic dynamics of IPSAS adoption outlined in Oulasvirta, 2014 and Caperchione & Rocher, 2012).

IFRS has a longstanding adoption for the private sector. The public sector's shift toward IPSAS in Europe has been fragmented. Many EU member states either adopt a modified cash or an hybrid accounting system. Nonetheless, rooted in national legal and fiscal framework. Thus, full IPSAS adoption arises as technically demanding and politically sensitive, and as a result, most countries have opted for gradual convergence or selective incorporation rather than direct implementation.

Across Europe, countries have taken different, often symbolic, approaches to encompass IPSAS into public sector accounting reforms. France adopted full accrual accounting for its central government in the early 2000s, drawing conceptually from IPSAS but adapting the standards to fit national traditions. This approach aligns with Hyndman et al.'s (2018) view of accounting reform as a symbolic gesture—signaling a commitment to modernization while preserving existing institutional structures. Spain and Portugal have also integrated elements of IPSAS, especially in areas like service concessions and non-exchange transactions, aiming to improve transparency while largely maintaining their existing institutional frameworks.

taly stands out as a significant case, where commitments under the Recovery and Resilience Facility (RRF) have driven a nationwide shift toward full accrual accounting across all levels of government by 2027. The reform draws on both IPSAS and Eurostat's EPSAS framework, highlighting the need for legal harmonization, digital infrastructure, and capacity-building.

Outside the European Union, Switzerland offers a useful comparison: its federal and cantonal governments adopted IPSAS-based standards in a coordinated yet flexible way. At the EU level, EPSAS remains the most structured effort to align member states' accounting practices, gradually adapting IPSAS to diverse legal systems. Beyond Europe, countries like New Zealand, Australia, and Canada show further variation—New Zealand leading with early, system-wide adoption, while Australia and Canada align IPSAS principles with domestic frameworks through national standard-setters.

Legal fit, administrative capacity, political will, and the strength of financial management systems emerge as critical factors that shape IPSAS reform and determine whether it can lead to meaningful and lasting change. Overall, Europe's experience illustrates both the challenges and the promise of IPSAS as a tool for improving public financial transparency and accountability.

[Insert Table 2 here]

5. Comparative Experiences of IPSAS Adoption and Convergence in Europe and Beyond

Europe and global IPSAS' adoption and/or IPAS-equivalent frameworks highlights a diverse range of approaches shaped by domestic legal frameworks, administrative capacity, and governance traditions. While some countries have moved toward full IPSAS adoption, most have pursued partial or gradual convergence—an approach shaped by both technical constraints and political considerations (Christiaens et al., 2015; Schmidthuber et al., 2022). These patterns illustrate how international standards are filtered through national contexts, with domestic accounting traditions often enduring despite external pressures for harmonization (Oulasvirta, 2014; Lehman, 2005; Caperchione & Rocher, 2012; Lapsley et al., 2009).

rance illustrates a clear case of selective convergence. Since introducing accrual accounting in 2006, it has developed a reporting model that aligns with IPSAS in substance, though not through formal adoption. Legal requirements—particularly around budgetary processes and sovereign assets—have led to deliberate departures from the standard. Spain and Portugal have followed similar paths, gradually integrating IPSAS-inspired practices while retaining national adaptations. In both cases, improvements in areas such as asset recognition and non-exchange transactions have enhanced transparency, yet full alignment remains constrained by institutional and legal complexity (Atuilik, 2019; Hamed-Sidhom & Loukil, 2021). Portugal's phased approach has allowed entities to improve reporting quality while building internal capacity. Italy, by contrast, is pursuing a more comprehensive reform under its Recovery and Resilience Plan, aiming for full accrual implementation by 2027. Guided by IPSAS and the EU's EPSAS framework, Italy's case highlights the need for legal harmonisation, digital infrastructure, and training, while also illustrating how accounting reforms can serve both technical and symbolic functions under conditionality (Power, 1997; Birritteri & Tatì, 2024).

Switzerland offers a model of decentralised but coordinated IPSAS reform, with both federal and cantonal governments adopting tailored versions since 2007—highlighting IPSAS's role as a flexible boundary object (Lapsley & Miller, 2019). Globally, New Zealand leads with fully IPSAS-aligned PBE standards, while Australia and Canada incorporate IPSAS principles through independent national frameworks. Sweden and Norway are selectively applying IPSAS where domestic guidance is limited, especially on long-term liabilities and public assets.

Several factors arise across all cases: legal compatibility, institutional readiness, and political will. In many contexts, incremental reform has proven more realistic than full-scale transition. As highlighted in the literature, effective IPSAS implementation depends heavily on capacity-building - particularly through education, upgraded IT systems, and management reform (Atuilik, 2019; Njiru & Owiti, 2018). EU-level efforts such as EPSAS provide a framework for coordinated convergence while allowing for national flexibility. These experiences suggest that while full IPSAS adoption may not always be practical, the broader push for transparency, comparability, and fiscal accountability is advancing through nationally tailored approaches.

6. The Case of the United Kingdom: IPSAS - Influenced, but Not Fully Adopted

The United Kingdom represents a particularly interesting case in the global landscape of public sector accounting standards. While IPSAS (International Public Sector Accounting Standards) were originally developed to address the specific needs of public sector financial reporting across various jurisdictions, the UK has chosen a somewhat different path, reflecting its own accounting traditions, legal environment, and public financial management culture.

Unlike some countries that have directly adopted IPSAS as their primary public sector financial reporting framework (e.g., New Zealand, Switzerland), the UK has not formally adopted IPSAS in full. Instead, public sector entities in the UK follow the Financial Reporting Manual (FReM), which is issued by HM Treasury and governs the preparation of financial statements for central government departments, agencies, and certain non - departmental public bodies.

The FReM is principally grounded in IFRS (International Financial Reporting Standards), but it also incorporates several modifications and adaptations inspired by IPSAS where public sector circumstances warrant such adjustments. For example, elements of IPSAS guidance on non - exchange transactions, service concession arrangements, and certain control definitions have been selectively incorporated into UK public sector financial reporting practices. This approach allows the UK to retain the discipline and international comparability offered by IFRS, while still addressing the unique features of public sector operations that are not fully captured by private sector standards.

The UK's choice not to adopt IPSAS fully is partly a reflection of its strong IFRS tradition, well - established accrual accounting system, and the perception that full IPSAS adoption would not provide significant incremental benefit given the adjustments already embedded within the FReM. Moreover, some IPSAS standards contain specific treatments that do not fully align with the UK's legal and institutional frameworks, making direct adoption less practical. Nevertheless, HM Treasury and UK standard - setters remain actively engaged in monitoring IPSAS developments, and periodically update the FReM to reflect relevant IPSAS guidance where appropriate.

In summary, while the UK cannot be classified as a "full IPSAS country," it maintains a reporting framework that is closely aligned with IPSAS principles in several key areas, achieving a pragmatic balance between international consistency and domestic relevance. The UK model is often cited as an example of IPSAS convergence without formal adoption- a path followed by several other mature economies with sophisticated financial management systems.

7. The Relationship Between Recovery and Resilience Facility (RRF) Funding and IPSAS - Equivalent Accounting Frameworks

The implementation of the European Union's Recovery and Resilience Facility (RRF) has introduced significant new challenges and opportunities for public sector financial reporting and accountability across member states. Although the RRF legal texts do not explicitly reference IPSAS (International Public Sector Accounting Standards), the underlying financial management requirements, reporting structures, and audit obligations imposed on recipient countries are closely aligned with IPSAS - equivalent frameworks. In practice, this creates a de facto convergence between the management of RRF funds and the principles embedded within the international accrual - based public sector accounting standards developed by the IPSAS Board. This convergence reflects what Power (1997) and Jeppesen (2010) describe as the ritualised coupling of international accounting norms and institutional legitimacy in conditional governance settings.

At its core, the RRF is designed to finance structural reforms, public investment projects, and modernization programs at both national and subnational levels across the EU. The financial flows under the RRF primarily target public sector entities - including ministries, agencies, municipalities, and public enterprises - that are responsible for executing the funded programs. Consequently, the financial transactions related to the receipt, use, and monitoring of RRF resources must be recorded and reported within the broader public sector financial reporting systems of each member state.

Crucially, the European Commission, in its oversight role, has emphasized the importance of robust financial accountability mechanisms to accompany RRF implementation. Member states are required to establish transparent and auditable financial reporting systems, reinforcing what Neu and Ocampo (2006) identify as the informing function of accounting in making states visible to supranational monitors. While the Commission allows some flexibility regarding national systems, it expects recipient countries to produce financial information that is credible, reliable, and suitable for independent audit and verification. In many respects, these demands inherently reflect core IPSAS principles, even when not explicitly framed as such.

Several key areas of RRF financial management illustrate this implicit alignment. First, the recognition of RRF grants and loans within government accounts mirrors IPSAS 23's treatment of non - exchange transactions, where funding is recognized as revenue when eligibility criteria are met and conditions are satisfied. Second, for capital - intensive projects, such as infrastructure investments financed by RRF grants, IPSAS 17's standards on property, plant, and equipment provide a clear conceptual model for asset recognition, capitalization, and depreciation. Third, the handling of performance obligations and conditionalities associated with RRF disbursements reflects elements of IPSAS 32 on service concession arrangements and the broader IPSAS framework on contingent liabilities and provisions. These technical alignments underscore Lehman’s (2005) argument that international accounting standards often serve to embed the logic of financial capital within public governance arrangements.

Furthermore, the role of supreme audit institutions (SAIs), national courts of audit, and the European Court of Auditors (ECA) in overseeing RRF fund utilization introduces an additional layer of IPSAS - relevant application. Many of these audit bodies rely, either formally or in practice, on IPSAS - compatible methodologies to assess the integrity and completeness of financial statements, the correct application of accrual principles, and the accurate disclosure of assets, liabilities, and contingent risks arising from RRF - funded operations.

At the EU institutional level, the ongoing development of the European Public Sector Accounting Standards (EPSAS) further reinforces the indirect link between RRF reporting requirements and IPSAS principles. EPSAS, while not yet fully operational as a mandatory standard across the EU, draws heavily from IPSAS content and philosophy, providing a harmonized reference framework that increasingly shapes member states' public sector financial reforms, including those related to RRF program implementation.

In practical terms, several member states have explicitly recognized the need to adapt or upgrade their public sector accounting frameworks to meet the transparency, auditability, and reliability requirements associated with RRF funding. Countries such as Italy, Spain, and Portugal - which are among the largest RRF beneficiaries - have intensified efforts to introduce accrual - based reporting practices, modernize financial information systems, and align national accounting rules with international standards to ensure compliance with the financial governance expectations set by the Commission and the ECA.

In sum, while IPSAS may not be directly cited within the legal architecture of the RRF, its conceptual foundations permeate the financial management, reporting, and audit requirements governing RRF fund administration. The convergence between RRF implementation and IPSAS - equivalent standards reflects not only the increasing complexity of public sector financial governance within the EU, but also the growing recognition of the value that high - quality, accrual - based financial reporting brings to the transparency, accountability, and effective oversight of large - scale public investment programs such as the Recovery and Resilience Facility.

8. The Role of IPSAS - Equivalent Accounting Frameworks in Addressing Fraud Risks in RRF Implementation

As the European Union channels unprecedented funding through the Recovery and Resilience Facility (RRF), the imperative of financial integrity is imperative to move for policy and academic debates. While fraud is not directly caused by accounting frameworks, the design, enforcement, and quality of public sector accounting systems, significantly shape the ability of governments to detect and respond to financial misconduct. In this context, IPSAS and IPSAS - equivalent frameworks are increasingly recognized as vital components of the EU's anti - fraud infrastructure. It often takes the form of subtle misreporting, delayed disclosures, or bureaucratic manipulation that technically follows the rules but undermines their purpose. In some cases, the systems meant to ensure transparency may themselves be used to obscure problems, especially when pressure to meet spending targets outweighs proper oversight.

In most RRF-related fraud cases, what we see, it isn't direct misappropriation, but rather noumerous layered forms of misrepresentation. These might include adjusting accounting entries, stretching the truth in eligibility forms, or claiming project milestones that haven't been fully met. Some common tactics involve boosting reported capital spending, delaying or hiding contingent liabilities, bringing forward revenues too early, or giving assets a higher value than they merit. Whether these conditions go unchecked often depends on how financial reporting is set up. IPSAS-based systems, using accrual accounting, can make some of these practices easier to spot, because they give a clearer view of what's happening financially.

Still, when it comes to performance audits in large EU programmes like the RRF, their actual impact is inconsistent. Pollitt and Van Thiel (2016) found that unless these audits are part of institutions that respond and adapt, they rarely lead to meaningful change. This is relevant in the RRF context, where audits are often used to verify milestones but don't always lead to any follow-up or adjustment. In IPSAS-style reporting systems, that leads to a real question: are audits there to help institutions improve, or are they mostly just a way to show formal compliance with external targets?

In the context of EU fund oversight, some parts of the IPSAS framework - which, put simply, are international accounting standards tailored for public sector use - matter more than others, because they either block the usual ways financial data gets manipulated or force public bodies to reveal things they might otherwise leave out.

Notably, IPSAS 23 requires that revenue from non-exchange transactions—such as EU grants—should not be recognized until it is probable that the inflow of resources will occur and all relevant conditions, including eligibility and performance obligations, have been satisfied. IPSAS 17 covers property, plant, and equipment, requiring that assets be not only measurable but in use before they're recognized. IPSAS 19 addresses provisions and contingent liabilities, pushing public entities to disclose obligations tied to future events - such as milestone-based funding triggers. IPSAS 20 focuses on related-party disclosures, a key area where procurement fraud often hides. On their own, these standards don't eliminate the risk of fraud, but they do make it harder to hide. When applied properly, they help bring financial activity into the open - which is where accountability starts.

While IPSAS-equivalent systems offer structure and transparency on paper, several real-world RRF fraud cases show just how easily these frameworks can be bypassed when oversight is weak or misaligned incentives.

9. Real - World RRF Fraud Cases and the Limits of IPSAS - Equivalent Frameworks

Recent RRF related fraud cases provide a critical empirical grounding to the above theoretical arguments. These incidents are not just signs of weak governance—they expose specific failures in the financial reporting and oversight systems that IPSAS is designed to strengthen.

In Italy, the "Resilient Crime" case involved a criminal network orchestrating a series of shell companies to fraudulently access over €600 million in non - repayable RRF grants. By fabricating financial statements and business plans aligned with digitalization goals, the criminal network took advantage of weak oversight by national authorities responsible for RRF disbursements. IPSAS 23 requires that grants be recognized only once performance obligations are met, but this safeguard was not properly enforced. If national accounting bodies or auditors had also applied IPSAS 17's asset recognition rules, early warning signs - such as unrealistic revenue jumps or a lack of physical operations - might have attracted attention. In the end, funds were approved on the strength of paperwork that looked right but wasn't properly checked, revealing just how far formal compliance can drift from real financial scrutiny.

Austria's "Reparaturbonus" fraud underscores a similar vulnerability. Fraudsters created fake repair vouchers and collaborated with defunct or inactive service providers to falsely claim €3.5 million in subsidies. This fraud succeeded because administrative processes emphasized form over substance delivery. Key safeguards, like IPSAS 1's emphasis on faithful representation and IPSAS 19's rules on disclosing obligations, were essentially ignored. Authorities didn't cross-check the submitted data against tax filings, VAT records, or employment registers—tools that modern accrual systems make available. Without that kind of basic reconciliation, false claims could pass through without raising any alarms.

n Greece, a major case involving digital infrastructure tenders exposed how weak financial disclosure can enable large-scale manipulation. Around €2.5 billion in contracts were awarded to newly formed consortia that shared ownership links and had little real technical capacity. The manipulation relied on failures in procurement oversight and, critically, the lack of related-party disclosures that IPSAS 20 would normally require. On paper, the tenders ticked the right boxes—but there was no serious check on whether the assets were eligible or whether the contractors were qualified. IPSAS 17's basic safeguards weren't applied. As a result, projects passed milestone checks and triggered funding, even though the capacity to actually deliver was missing from the start.

All of the above being said, a consistent pattern emerges. Fraudsters operated within administrative systems and therefore rewarded procedural completeness over substantive verification. Had the relevant IPSAS standards been taken seriously, it's likely that at least some of the red flags would have surfaced before the money went out. Weaknesses in revenue recognition, asset valuation, contingent liability disclosure, and related - party reporting correlate directly with the exploited gaps.

These cases show that IPSAS can't just be treated as a box-ticking exercise. We need to stop thinking of IPSAS as just a set of rules. It's also about how institutions actually work, and whether people can trust them. If those rules aren't backed by real enforcement, they end up being just another layer of paperwork that hides problems instead of fixing them. Too often, compliance processes have concentrated on whether the right documents were submitted, rather than assessing whether funds were actually used as intended. This kind of procedural gap creates space for more complex forms of fraud to emerge. Addressing it requires that IPSAS-based standards be embedded not just formally, but as part of the routine practices of both national and EU-level oversight. Without that deeper integration, confidence in the integrity of EU financial governance will remain fragile.

10. Conclusions

This study examined how IPSAS-based public sector accounting frameworks operate as governance infrastructures within conditional funding regimes, with a particular focus on their role in shaping financial integrity under the European Union's Recovery and Resilience Facility (RRF). Drawing on the conceptualisation of IPSAS as more than a technocratic tool (Christiaens et al., 2015; Lapsley, 2022), the paper integrates insights from infrastructure theory to explore how accounting standards can simultaneously enable transparency and constrain discretion within national systems of control.

While prior scholarship has explored the symbolic dimensions of accounting reforms and critiqued conditionality-based oversight mechanisms that emphasise procedural compliance over substantive accountability (Hyndman et al., 2018; Sargiacomo, 2022), few studies have investigated how IPSAS-based frameworks perform in milestone-driven funding regimes. This paper addresses that gap by explicitly linking IPSAS and EPSAS to integrity outcomes under the RRF—a conceptual and empirical relationship often overlooked in the literature (Scannell & Tawiah, 2024). The study also contributes new theorization on how digitalized accrual systems can support fraud deterrence, aligning with emerging calls for integrated frameworks that connect financial reporting, auditability, and institutional enforcement.

In advancing this argument, the paper reframes IPSAS as an infrastructural assemblage - a socio-technical system embedded within complex administrative, political, and supranational settings. This perspective shifts the focus beyond mere compliance, exploring how accounting standards help construct legitimacy and define what can be known and governed under conditions of high-stakes conditionality. From this angle, EPSAS appears not only as a tool for harmonization but as a potential foundation for EU-wide fiscal governance - dependent on its integration with robust audit systems and coherent domestic institutions.

From a policy standpoint, the findings underscore that the success of accounting standards depends less on formal alignment with international templates and more on their embeddedness in functioning systems of verification, transparency, and public trust. As the EU deepens fiscal surveillance through instruments like the RRF, symbolic compliance risks remain unless IPSAS and EPSAS are implemented as part of adaptive, fraud-sensitive, and integrity-driven infrastructures. This paper thus calls for a shift from rule-based standardisation toward outcomes-based governance—where accrual reforms are explicitly linked to measurable improvements in integrity, accountability, and democratic oversight.

This study is conceptual in nature and invites further empirical investigation into how IPSAS- or EPSAS-based frameworks function in practice across diverse administrative regimes. Comparative case studies exploring the link between accrual accounting, audit effectiveness, and fraud outcomes—particularly under conditional EU instruments like the RRF—would provide valuable insights. Additionally, future research could examine how digitalisation, AI-based audit tools, and cross-border verification systems interact with IPSAS infrastructures to reshape accountability processes in real time. Such work would deepen our understanding of how accounting standards operate not just as policy artefacts, but as evolving instruments within complex and contested governance ecosystems.

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Table 1. IPSAS Adoption Status by Global Region (as of 2024)

This table presents a comparative overview of IPSAS adoption across major world regions as of 2024. It categorizes the degree of formal adoption (legal status), actual implementation levels, and identifies contextual drivers or barriers unique to each region. The analysis includes in - text references to institutional reports and literature, enabling further exploration. The table underscores the heterogeneity in global public sector accounting reform and offers a basis for discussing both technical and political dynamics of IPSAS convergence.

Region	IPSAS Status (2024)	Critical Observations with References
Europe	Mixed: Full (Switzerland), Partial (Greece, Portugal), Not adopted (Germany)	European adoption is fragmented due to diverse legal and budgetary systems. Full convergence remains unlikely without a binding EPSAS framework from the European Commission (Eurostat, 2021; PwC, 2022).
Latin America	Strong adoption (Peru, Ecuador, Chile)	Latin American uptake indicates strong political commitment, often supported by IMF/World Bank technical assistance and public sector reform agendas (IMF, 2020; World Bank, 2019).
Africa	Advancing (South Africa, Kenya, Ghana); early stages elsewhere	Adoption in Africa is largely donor - driven, progressing with technical assistance. Long - term success depends on sustained domestic investment in accounting capacity and public finance infrastructure (IFAC, 2021; OECD, 2020).

Asia	Transition phase (Indonesia, Sri Lanka); Limited adoption (India, China)	Asian countries face infrastructural and administrative bottlenecks, with decentralized political structures complicating uniform adoption (ADB, 2018; CIPFA, 2020).
Oceania	Advanced: New Zealand; Hybrid model in Australia (GFS/IPSA)	Oceania, led by New Zealand, exemplifies successful IPSAS integration. Australia's hybrid approach reflects a pragmatic adaptation to international standards (New Zealand Treasury, 2023; IFAC, 2022).
North America	Not adopted: USA (FASAB), Canada (PSAB)	North America maintains well - developed domestic frameworks (FASAB, PSAB). IPSAS adoption is perceived as unnecessary due to already high reporting quality (FASAB, 2021; PSAB, 2020).

Table 2: Fraud Typology in RRF and IPSAS Control Mechanisms

The following table presents a structured typology of potential fraud schemes that may arise in the administration of Recovery and Resilience Facility (RRF) funds, alongside the relevant IPSAS standards that provide control, detection, or mitigation mechanisms. While IPSAS standards do not prevent fraud directly, their comprehensive accrual - based framework significantly strengthens transparency, accountability, and auditability across key fraud risk areas.

Fraud Type	Fraud Mechanism	Relevant IPSAS Standard(s)	IPSAS Control Mechanism
Premature revenue recognition	Recognition of full grant revenue before achieving required milestones or eligibility conditions.	IPSAS 23	Revenue recognized only when conditions are satisfied; staged recognition based on eligibility fulfilment.
False milestone certification	Manipulating milestone reports to trigger unjustified fund disbursements.	IPSAS 23, IPSAS 19	Delays revenue recognition until performance obligations met; requires disclosure of conditional obligations.
Inflated asset capitalization	Overstating the value or completion status of capital assets funded by RRF.	IPSAS 17	Assets recognized based on eligible costs; incomplete assets cannot be fully capitalized or depreciated.

Hidden contingent liabilities	Failing to disclose outstanding obligations linked to RRF project conditionalities.	IPSAS 19	Requires disclosure of provisions and contingent liabilities; improves risk transparency.
Co - financing misreporting	Double claiming funds from multiple sources for the same expenditure.	IPSAS 1, IPSAS 23	Full disclosure of funding sources; prevents duplication of revenue recognition.

Table 2: Fraud Typology in RRF and IPSAS Control Mechanisms (continued)

Artificial cost allocations	Reallocating ineligible costs into RRF - funded projects to absorb funds fraudulently.	IPSAS 1, IPSAS 17	Clear asset recognition criteria and cost eligibility rules enforce valid expenditure recording.
Delayed liability recognition	Postponing the recording of financial obligations to hide true debt levels.	IPSAS 19, IPSAS 41	Requires prompt recognition of provisions and financial instruments at fair value.
Undisclosed related - party transactions	Using conflicts of interest or hidden relationships to divert RRF funds improperly.	IPSAS 20	Mandates disclosure of related - party transactions and conflicts of interest.
Manipulation of performance data	Falsifying program outputs or performance outcomes to justify further disbursement.	IPSAS 1 Framework	Performance - based reporting tied to financial disclosures ensures linkage between outputs and expenditure.

Standardising Trust or Performing Control? IPSAS, Fraud, and the Rituals of Accountability in EU Recovery Governance

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