



Government & Nonprofit

N E W S

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**Message from Linda Parsons,
University of Alabama
AAA GNP Section President**

Hello all,

I want to thank all of you for the opportunity to serve as the president of the GNP section this year. My membership in the section has brought me many rewards in my career and I have never worked with a nicer group of people. Thanks also to those who have been in the role before me. Under their leadership, the section has accomplished some exciting things. A special issue of the *Journal of Accounting and Public Policy*, dedicated exclusively to government and nonprofit topics, increased the visibility of the work our members do. Funding from Grant Thornton helped to fund our recent mid-year meetings. And, with the help of many, but especially Dana Forgione, Don Deis and Vaughan Radcliffe, we finally have our own section journal (and are now accepting submissions).

I appreciate the fact that everyone I've asked to help me this year said "yes." A list of those who agreed to serve as officers, committee chairs or regional representatives is included elsewhere in this newsletter. Additionally, countless others have assisted when called upon by submitting their work for the annual and mid-year meetings, by reviewing and discussing papers, and by moderating sessions. The section wouldn't succeed without this cadre of volunteers.

Mark your calendars for the mid-year meeting in Birmingham, AL on March 18-19. I've ordered some spring weather for the occasion and expect the azaleas will be in bloom when y'all arrive. Vaughan Radcliffe and I are currently working on the program and have sent out a call for papers. While you have your calendars out, remember to save August 7-10 for the annual meeting in Denver.

I'm anticipating a great year. Thanks again for trusting me with the reins. I welcome all suggestions and ideas, so let me hear from you!

Linda

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CALL FOR PAPERS

Journal of Governmental & Nonprofit Accounting

The Government and Nonprofit section of the American Accounting Association announces a new academic journal, the *Journal of Governmental & Nonprofit Accounting (JOGNA)*. *JOGNA's* objectives are to promote, publish, and elevate the quality of research in the governmental and nonprofit accounting areas. To this end, the role of the editorial board is to identify promising manuscripts and to advise and support authors of these manuscripts toward publication.

Appropriate topics for the journal include, but are not limited to:

- Financial reporting by Governmental and Nonprofit Organizations
- Governance practices in Governmental and Nonprofit Organizations
- Audit markets for Governmental and Nonprofit Organizations
- Financing Governmental and Nonprofit enterprises
- Budgeting and financial management in Governmental and Nonprofit Organizations
- Evaluating charitable organizations
- Performance audits
- State oversight of local governments
- The role of accounting in political markets
- The use of accounting information in markets for philanthropic resources
- Financial and nonfinancial performance metrics in Governmental and Nonprofit Organizations
- Compensation in Public Sector and Nonprofit Organizations
- Regulation of reporting requirements for Governmental and Nonprofit Organizations
- Federal Accounting Standards
- Evaluating the public policy objectives, consequences, and performance of Governmental and Nonprofit Organizations
- Government Auditing Standards
- Government Cost Accounting Standards and the CASB

Appropriate methodologies include, but are not limited to:

- Empirical studies using archival data
- Laboratory studies
- Theory-based analysis
- Case studies

CALL FOR PAPERS

Journal of Governmental & Nonprofit Accounting (continued)

Submission and Review Process

Submissions are now being accepted. Manuscripts should be submitted using the American Accounting Association online PXP submission and peer review system at: <http://jogna.peerx-press.org>

The nonrefundable submission fee in U.S. funds is \$70 for members of the AAA Government and Nonprofit Section and \$100 for nonmembers of the AAA Government and Nonprofit Section, payable online by credit card (VISA or MasterCard only). The payment form is available online at: <https://aaahq.org/AAAforms/journals/JOGNAsubmit.cfm>. If you are unable to pay by credit card or have any questions please contact the AAA Member Services Team at (941) 921-7747 or info@aaahq.org.

Submitted manuscripts should be original research not previously published and not under consideration at another journal. After screening by the editorial board for suitability, submissions will be reviewed by qualified reviewers under the direction of the editor. Revisions not resubmitted within 12 months from notification will be considered new submissions. *JOGNA* is an online journal. Accepted articles will be published (posted online) shortly after their acceptance.

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American Accounting Association

2011 Government and Nonprofit Section Midyear Conference

March 18 - 19, 2011

The Wynfrey Hotel • Birmingham, Alabama

Call for Papers

We welcome theoretical, practical and pedagogical papers on any government or nonprofit accounting research topic. We encourage the submission of full Completed Studies, as well as Emerging Studies. **Please submit your work by the December 17, 2010 deadline.**

To submit Completed Studies or Emerging Studies:

- Prepare two separate documents, one for your paper, one for your abstract.
- Do not include any author name(s) or contact information in either document.
- Both documents should be double-spaced, in 12-point font, with 1" margins.
- Log into the [AAA GNP Section SPRS](#). Click "Create Program Submission", and follow the instructions within the submission form.

Call For Volunteers

If you are interested in reviewing manuscripts, or being a moderator or discussant, please follow these steps:

- Go to the [AAA GNP Section SPRS](#).
- Once you are logged into your account, click "Modify Profile/Volunteer Information."
- Scroll down the profile page until you see the Volunteer Information drop

down lists. In the drop down list for "Conference Role(s) Interested In," select those roles in which you would like to serve for the GNP Section Conference. The meeting coordinators will search for you based upon your selections in this drop down list.

- So that the coordinators can assign you to submissions that best fit your expertise, please make selections within the "Research Area(s)" and "Research Method" drop down lists as well.

Have you seen?

Andrew J. McLelland, Auburn University

Alan K. Styles, California State University - San Marcos

GNP research is published in a wide range of journals. Since you can't read them all, this new feature of the newsletter highlights some recent research that you may have missed.

["U.S. GAO - State and Local Government Pension Plans: Governance Practices and Long-term Investment Strategies Have Evolved Gradually as Plans Take On Increased Investment Risk."](#) *United States Government Accountability Office*. August 2010. Available at:

<http://www.gao.gov/new.items/d10754.pdf>

Motivated by large declines in the market value of pension assets during the second half of 2008, state and local government have faced the need to make fiscal adjustments and/or investment strategies for pension assets. The GAO investigated (1) who makes investment decisions for state and local defined benefit plans and what guides their decision making; (2) how plans allocate their assets and manage their investments; and (3) practices that plans are using to meet a range of challenges in governance, investment, or funding.

Have You Seen...?

U.S. GAO - State and Local Governments: Fiscal Pressures Could Have Implications for Future Delivery of Intergovernmental Programs.

United States Government Accountability Office. July 2010. Available at:

<http://www.gao.gov/new.items/d10899.pdf>

The GAO considers the potential fiscal pressures that could face the federal government based on trends in state and local government revenues and expenditures. The GAO examined expenditures and revenues data for state local government for the 30 year period 1977-2007. The study highlights that the growth in health-related costs are a primary driver of the fiscal pressures facing state and local governments (12% of expenditures in 1978; 20% in 2008). In the last decade examined growth in federal grants aided state and local governments avoid operating deficits. The GAO calls on all levels of government to address the long-term fiscal outlook for the U.S.

“A Methodology for Evaluating the Cost-Effectiveness of Alternative Management Tools in Public-Sector Institutions: An Application to Public Education” by Yaw M. Mensah, Michael P. Schoderbek, Robert H. Werner. *Journal of Management Accounting Research* (Volume 21, Issue 1, 2009): 203-239.

The authors examine the shortcomings in cost-accounting systems of public-sector institutions. Specifically, as there has been an increasing emphasis on performance budgeting and outcome measures, the authors study the decisions made by New Jersey school district superintendents. This study was conducted using a statistical method to identify the most cost-effective management tools that also considers the relation of costs and outcomes. As a result of the study, the authors gain a better understanding of the variables controllable by the superintendents that seem to be used inefficiently.

“Agency Theory and Participative Budgeting Experiments” by Jason L. Brown, John H. Evans III, Donald V. Moser. *Journal of Management Accounting Research* (Volume 21, Issue 1, 2009): 317-345

In this paper, the authors analyze prior experiments on participative budgeting that focus on the effects of incentive and/or information structures on reporting and production decisions of employees for the insight that they provide to agency theory. The authors classify 21 papers based on incentive and information structures then examine where experimental evidence contradicts an agency theory prediction in order to analyze its reliance or lack thereof on agency theory. Next, a classification scheme is developed to organize hypotheses in terms of whether they rely on an agency theory prediction, a competing behavioral prediction, or a combination of the two. This paper illustrate the bases for their belief that studies that test both agency theory prediction as well as an opposing behavioral prediction are best suited to advance the development of theory.

“Interdependencies in Organization Design: A Test in Universities” by Tze Ki Jennie Chung, Graeme L. Harrison, Robert C. Reeve. *Journal of Management Accounting Research* (Volume 21, Issue 1, 2009): 55-73

The authors base their study of Australian Universities by replicating and expanding the interdependencies model of organization that had been used for Australian public hospitals (Abernethy and Lillis, 2001). The authors find support for the model that suggests interdependent relations among strategy, structure and performance measurements that affect both effectiveness and efficiency. The authors modify the model to suit their specific study. As a result, the authors suggest implications of their study on management control systems designs for universities.

Have You Seen...?

“Current NPM Research: Digging Deeper and Looking Further” by Ter Bogt, H., Budding, T., Groot, T. and Van Helden, J. *Financial Accountability & Management*, (Volume 26, Issue 3, August 2010): 241-45.

This issue provides a number of articles examining the paradigm of New Public Management (NPM). The special issue editors describe NPM as advancing “the introduction of ‘economic rationality’ in the public sector and the use of ‘businesslike’ styles and instruments” This introduction to the special issue provides an overview of NPM and summarizes the articles contained in the issue.

“Using Ideas to Advance Professions: Public Sector Accrual Accounting” by Christensen, M. and L. Parker. *Financial Accountability & Management*, (Volume 26, Issue 3, August 2010): 246-66.

Christensen and Parker examine the decision of the Australian state New South Wales to adopt full accrual accounting rather than the Government Finance Statistics cash based accounting system. The authors also provide a review of the literature on diffusion of accounting ideas in the public sector.

“Mind Your Accruals: Perceived Usefulness of Financial Information in the Australian Public Sector Under Different Accounting Systems” by Kober, R., J.Lee, and J. Ng. *Financial Accountability & Management*, (Volume 26, Issue 3, August 2010): 267-298.

Kober et al. report the results of a survey of users and preparers of accounting information systems for government departments in Australia. The researchers surveyed opinions on the usefulness of the financial information produced by three accounting systems – cash-based information, GAAP accrual-based

information, and Government Finance Statistics (GFS) accrual-based information.

“Local Governments, Unexpected Depreciation and Financial Performance Adjustment” by Pilcher, R. and M. Van Der Zahn. *Financial Accountability & Management*, (Volume 26, Issue 3, August 2010): 299-324.

Pilcher and Van Der Zhan examine the issue of earnings management in the public sector. The researchers investigate the relationship between one discretionary accrual for public sector management, depreciation and financial performance of the government. Specifically, they test the relationship between measures of unexpected depreciation and measures of financial performance – net income and capital contributions – for a sample of 138 Australian local governments and 410 local government-year observations. Results of the study provide no indication of a relationship between unexpected depreciation and net income, but do suggest an association between unexpected depreciation and capital contributions.

“Performance Auditing and the Narrating of a New Auditee Identity” by Justesen, L. and P. Skærbæk. *Financial Accountability & Management*, (Volume 26, Issue 3, August 2010): 325-343.

Justesen and Skærbæk present a case study of the role of performance auditing in the organizational identity of the Danish Ministry of Transport. The researchers examine how performance audits change the “organizational identity of the ministry – a process that involves redistributed accountabilities and, in addition, involves tension and feelings of discomfort in the organization” (p.326). The authors illustrate how performance audits changed the organizational identity of the ministry to one of an organization in crisis and in need of change.

Have You Seen...?

You may also be interested in *Financial Accountability & Management*, Volume 26, Issue 1 & 2, February and May 2010.

In the February issue five papers examining the broad issue of E-government. The May issue contains articles from international researchers examining topics of performance reporting, accountability and public sector management accounting.

If you have seen any published research papers you think would be of interest to our section please send them to Andy mclelaj@auburn.edu or Alan astyles@csusm.edu.

GNP Section Members Receive Wildman Medal Award

**Baber and Gore receive AAA, Deloitte
Foundation-sponsored
2010 Wildman Medal Award**



The GNP Section would like to congratulate William R. Baber and Angela K. Gore, recipients of the Wildman Medal Award, for their paper, "Consequences of GAAP Disclosure Regulation: Evidence from Municipal Debt Issues," published in the May 2008 issue of *The Accounting Review*. This AAA award, which is sponsored by the

Deloitte Foundation, was presented to the paper's authors in the form of a medal and a monetary prize on Tuesday, August 3rd at the 2010 AAA Annual Meeting held in San Francisco, California.

William Baber is a Robert E. McDonough Professor at Georgetown University's McDonough School of Business. He has thirty years of experience teaching both financial and managerial accounting at Columbia, George Washington, and Georgetown, with visiting appointments at the University of Rochester (Simon), Dartmouth (Tuck), Carnegie Mellon, and Duke (Fuqua). Prior to entering academics, he worked as an auditor and a consultant with Arthur Young & Company (now Ernst and Young) in Washington, DC. His research, which addresses accounting and public policy issues, is published in a number of academic journals, including *The Accounting Review*, *Journal of Accounting Research*, *Journal of Accounting and Economics*, the *Review of Accounting Studies*, and the *Journal of Accounting and Public Policy*. Baber has served on the editorial boards of numerous journals, and is now serving as the inaugural editor of the *Journal of Governmental and Nonprofit Accounting*, the new AAA journal established by the Government and Nonprofit section.

Angela K. Gore is an associate professor of accounting at George Washington University's School of Business. Prior to her career in academics, she spent eight years as a practicing CPA, including as an auditor for Arthur Young & Company (now Ernst and Young) in Toledo, Ohio, and in an accounting practice with her sister in Michigan. The recipient of several teaching awards, Angela has taught advanced financial accounting and auditing for both the University of Oregon and the State University of New York at Buffalo, where she received her Ph.D. Her recent work examines why cities hoard cash and the relationship between accounting restatements and governance in municipal

contexts. She has published in *The Accounting Review*, the *Journal of Law and Economics*, the *Strategic Management Journal*, and the *Journal of Accounting and Public Policy*, and currently serves as an editorial board member of the *Journal of Governmental and Nonprofit Accounting*.

The Wildman Medal Award was founded in 1978 to commemorate John Wildman and to encourage research relevant to the professional practice of accounting to which much of Mr. Wildman's life was devoted. For 2010, the AAA and the Deloitte Foundation are honored to be able to bestow this award to Professors Baber and Gore.

Gordon & Khumawala Receive 2010 Emerald Literati Award

For the first time this year, Emerald Group Publishing Limited invited each book series Editor to nominate what they believe was that title's exceptional chapter from the previous 12 months. Two GNP members, Teresa Gordon, University of Idaho, and Saleha Khumawala, University of Houston, were chosen as recipients of the **Outstanding Author Contribution Award Winner** for their paper entitled **"Theories of Not-For-Profit Accounting: Comparison and Application of Current and Proposed Reporting Frameworks"** published in *Research in Governmental and Nonprofit Accounting*. The editor stated "Your paper has been selected as it was one of the most impressive pieces of work the editor has seen throughout 2009." Congratulations to Teresa and Saleha!

ANNOUNCEMENTS

GNP Website:

GNP archives are up on the website. You can click on the "section archive" item in the border of the website and view files dating back to 1976. These are the items that John Engstrom compiled. Please take a look at the site <http://aaahq.org/GNP/index.htm> and send any corrections, updates and suggestions to Dwayne at:

dmcswain@mtsu.edu

The Government & Nonprofit News is published three times a year (Fall, Winter, and Summer) as a service to the GNP Section Members of the AAA.

The deadline to submit items for inclusion in the next issue of **Government & Nonprofit News** is **February 15, 2011**. Submit newsletter items (max 350 words per item) to:

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The following officers and volunteers will serve the section for the 2010-11 academic year. Thanks everyone who has volunteered their valuable and scarce time to serve the section.

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