

# The Hungarian municipal governments in public accounting

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Balázs Tóth's interesting and valuable work entitled "The Hungarian Municipalities in the Public Sector Accounting" was published by Saldo in 2024.

There is an extensive literature on how the multi-stakeholder system of the national economy, with its hundreds of thousands of interests, tasks and, not least, values, has become intertwined with the increasingly complex and sophisticated requirements for reporting, accounting and data provision. Accounting, it could be said, is an important chronicler of the functioning of public finances and the related local government system.

The book entitled "The Hungarian Municipalities in the Public Sector Accounting" is a unique work that fills an existing gap in the abundant literature covering the subject. Although the extent and impact of the reform would have required this analysis years earlier, a complex summary of public sector accounting, including the state-scientific context, has been lacking in Hungarian publications. Balázs Tóth's work presents the theoretical foundations of accounting as part of the state model, in the context of its operation, and describes its practice today. By expanding the boundaries of the narrowly defined professional subject, the author conducts the analysis by placing the issues of public sector accounting in the context of the constitutional role of the state administration and its interaction with local governments. This accurate and critical analysis is a good example of the fact that effective public service requires that a sound knowledge of financial processes together with a modern understanding of public finance and public sector accounting be combined with the ability to recognize the interrelationships between all elements of the system. Although published in 2024 by Saldo to appeal to a specialized niche, I am convinced that this book will be of interest to a wider readership due to its rich content, including interconnections, tables, excellent illustrations and explanatory diagrams.

In the first two chapters of the book, a special place is given - with good reason - to the presentation of the operation of the local subsystem of public finances, which places it in the context of theories of public management and concepts of governance. It examines the fulfilment of the requirements to unify form and substance with the ends and means in the enforcement of local government accounting rules. Although the book is addressed primarily to Hungarian local governments and is a financial

reflection of their day-to-day operations, it also provides a cross-sectoral view of the relationship of their accounting systems to state management and the concept of the state. In particular, accounting is both a servant and a master in shaping the proper, efficient and effective use of public funds. As a tool for public finance management, including local authorities, accounting is a 'servant' in that it expresses facts and processes in financial indicators, and 'master' in that it regulates the form and the content of the financial reporting. The fresh ideas of this dual approach add considerable value to Balázs Tóth's work.

It is well known that, in line with the government's approach to governance, public finance regulation in Hungary has been significantly overhauled since 2014. One important consequence of this reform was that accrual-basis financial accounting was introduced to complement the previous cash-basis accounting. The book traces the process of implementation and the creation of a significantly increased financial information base as a result of the reform, in line with the activist model of 'good government'. At the same time, as Balázs Tóth's work clearly demonstrates, the accounting system, which was previously simple by international standards, has become significantly more complex, the effects of which are clearly reflected in the increasing skill and labour requirements of the accounting profession and the sometimes difficult data reporting requirements. All of these facts and conclusions are summarised in the third chapter of the book in a critical presentation of the public sector accounting system. The author's contribution here is to structure the findings from the perspective of both those involved in the practice of accounting and the users of the accounting information, i.e. from the perspective of the 'stakeholders'. In doing so, the author offers a unified image for both rule-makers and practitioners which can be a useful reference for the development of local accounting systems in public finance.

The fourth, fifth and sixth chapters present the results and experiences of the author's empirical research supporting his findings and opinions. Balázs Tóth uses a combination of qualitative and quantitative indicators in his research. The section on the methodological background is particularly valuable here, as it can provide significant support for researchers in the field.

I recommend the book to all of those who are trying to understand current events and who are confronted in their own world with the financial and social risks that pervade our lives. The particular value of the book is that the author has been able to convey his individual insights, by providing both a well-constructed theoretical background and abundant examples from experience. What stands out is the author's commitment to research.

This orientation book will help anyone who wants to understand more about the present and see further into the future. It is therefore worth picking up this thought-provoking and technical book, which is not easy to read in every detail. ■