

The Popular Financial Reporting: Focus on Stakeholders—The first European Experience

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Abstract

The aim of the article is to analyze the role of the Popular Financial Reporting as tool of transparency and accountability. Our analysis examines the case of “Popular Financial Reporting of the City of Turin”: by a questionnaire of analysis of the stakeholder satisfaction the study consider the different social variables because they influence the content and the comprehension. The method is based on data analysis reporting frequencies and percentages of answers of the questionnaire and, when possible, evaluating these results according to the level of instruction. The Chi-Square test was used to identify statistically significant differences among categories of educational level. Globally, the feedbacks were positive and the document could be defined as an important and strategic way to keep aware the stakeholders about the policies of the City. However, some improvement could be made, especially considering the differences observed among the educational level categories.

Keywords: popular financial reporting, consolidated balance, public accountability, stakeholders, new public economy

1. Introduction

The Farms are a human instrument to operate in economic field, but itself does not have an aim because man governs it. It is an instrument of man-to-man (Ferrero, 1968). Governmental organizations such as local and central government entities use common and public resources to provide public goods and services to citizen users (Puddu, 2001). The existence of externalities and market failure form the basis for government provision of goods and services (Barton, 1999). The move to accounting on an accrual basis in the public sector began in the late 1980s and early 1990s. In several countries that early-introduced accounting on an accrual basis, this reform was part of a major administrative reform, agenda often referred to as New Public Management (NPM). NPM is the collection of management and leadership practices gradually introduced in the public sector since 1980s. NPM is a broad term for a variety of management ideas, often borrowed from the private sector, introducing ideas and tools like competition, privatization, management by objectives, decentralizations etc. in the public sector (Hood, 1991, 1995). The NPM movement has its origins in a critique of traditional way of exerting control and management of public organizations and as requirement for increased efficiency in the public sector. This goal is possible through the implementation of a communication path addressed to all stakeholders and, in particular, to citizenship. In the public sector, information and communication are made possible through the budget reporting tools. An organization can have many different stakeholders and consequently a wide range of actual or potential users of financial reporting. However, it is often not possible or economically viable to produce financial reports tailored to each individual stakeholder. In their consultant paper regarding the Conceptual Framework for General Purpose Financial Report (GPFR) by Public Sector Entities (2008), The International Public Sector Accounting Standards Board (IPSASB) identifies three major groups of potential users: recipients of services or their representatives, providers of resources or their representatives, other parties, including special interest groups and their representatives. The IPSASB particularly emphasizes that the legislature, which acts in the interests of members of the community, is a major user of GPFRs. Thus, since 2010, according the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities, the IPSAS identified citizens as primary users of GPFR.

With the development of the market economy, however, the subsistence of the poor, as a necessary public good

measure, was overlooked in a public-finance system in which all decisions about public goods were made by taxpayers, mostly the wealthy (Song Bingtao, 2015). Contrarily to the definition of New Public Economy in the 20th century, now also the poor, that no pay tax or pay less, evaluate efficiency and effectiveness of the market through the vote. In developed Countries, it is evident as the reform of system on performance and the reform of strategy about the aims of public system, increase effectiveness and productivity as well as increased citizen satisfaction (Juta Elena Yusuf, 2013). It should be reported a definition and proposal of a plan of indicators with the expected results of the budget in order to explain the objectives of the management, in order also to measure the results and to monitor the services provided and the activities performed. The theory of accountability is predicated on the notion that citizens want good performance from their governments and that the administrators' performance can be measured. These aspects are equally important for citizens (Kelly, 2005). In the private sector, a customer's evaluation of a product is not invalidated on the basis that the customer does not have enough information to form a proper opinion. The preference structure revealed by the customer is predicated on his or her information, however imperfect. In the public sector, the manager may also define customer satisfaction as a primary goal, but may question the validity of the citizen's subjective evaluation of service quality contingent on its congruence with objective performance data. If citizens are dissatisfied with high-performing services, the modern public manager may be more inclined to intensify his or her outreach activities than to adjust the way services are delivered to increase satisfaction. The main point is if the manager may choose between administrative accountability, defined by performance measures, and democratic accountability, defined by responsiveness to constituents. The ramifications for either choice are profound. Choose responsiveness, and the organizing principle of the program is challenged. Choose performance, and the stereotype of the powerful, unyielding bureaucracy is affirmed. Administrators should be free to steer, not only manage in the direction of providing outcomes that matter to citizens. Several laws have introduced in Europe and in Italy the obligation to write up the consolidated financial statements and other technical documents required to evaluate the performance of the group and to control local authorities in their entirety. Going Towards a harmonization of accounting systems and the comparison process already begun in 1978 through the consolidation of cash data to monitor financial developments, and the public sector borrowing requirement (Giovannelli, 2006). Draft the popular consolidated report is important because it contains important information or policies that will be represented. In other terms the popular consolidated report goes a real approach based on program and control and give the base to increase the results of the services with the regard of principles of transparency, fairness and consistency of rating criteria. The Public Financial Reporting would stimulate the relationship between public authority and stakeholders in a transparency and comprehensibly vision of the results (Biancone, Secinaro, & Brescia, 2016). The paper does not intend to talk about social report (addressed to all direct and indirect stakeholders) and even the mission report in the strict sense, but of Popular Financial Reporting, a useful tool in order to empower the population in the democratic choice involving other stakeholders of the production process (Biancone & Secinaro, 2015). The vision of the public body together is that of the consolidated financial statements (Puddu, Di Russo, Falduto, & Secinaro, 2013). The document is not a mere instrument of control but of active involvement in decision-making through democratic forms of information and requests.

2. The Public Sectors Evaluation

The approach to the widespread stakeholder 80s considers corporate strategic choices aimed not only to wealth maximization for the shareholders, but also to the maximum benefit of research, not only economic, but for all those who have a relationship with the company. The stakeholders are defined, in the first definition, as groups without the organization would cease to exist (Freeman & Reed, 1983). He distinguish between a wide and a narrow definition of stakeholders. The wide definition includes "any identifiable group or individual who can affect the achievement of an organisation's objectives or who are affected by the achievement of an organisation's objectives". The narrow definition includes "any identifiable group or individual on which the organisation is dependent for its continued survival". In evaluating social impact, an analysis of the stakeholders is essential in order to define the information requirements the organization needs to fulfil, with a particular (if not almost exclusive) focus on the most influential and powerful ones. Ethics and successful strategy are considered closely related. It is stated that the trend in the long run is the balanced satisfaction of all stakeholders that converge in the enterprise promoting the competitiveness of this latter thus acting in the interests of those particular stakeholders are the shareholders. In the public shareholder is the citizen concerned to reach and meet needs. The involvement understood as involvement and engagement somehow involves the ethics of the top management must create a mapping of stakeholders and which impels one to make the passive stakeholders in active stakeholders in decisions (Freeman, Rusconi, & Dorigatti, 2007). The theory of legitimacy of stakeholder's theory focuses the attention on the different groups that could consider public services (Mitchell,

Bradley, Wood, 1997). In the municipality, there are different stakeholders in the evaluation of the services in base of the area of interest, but the citizen is the main stakeholder because it could change management through the vote. The customer's information on performance is frequently imperfect. The main problem is based on the validity of the citizen's subjective evaluation of service quality contingent on its congruence with objective performance data. The managers may choose between administrative accountability, defined by performance measures, and democratic accountability, defined by responsiveness constituents. In the last years, public enterprises improved the use of market-like approaches to public sector activities, of the decentralization of management, of focusing on constantly improving service quality, and of a bottom line of customer satisfaction. This is possible through investments and control in public and private service enterprises at a local and regional level. Moreover, public professional organizations emphasize internal performance systems more than external citizen satisfaction systems. Leaders in performance-based management emphasize the need to link activities to outcomes valued by citizens and to update performance measures regularly to maintain the relationship with the stakeholders (Hatry, 1980; Ammons, 1996; Osborne & Gaebler, 1992). Previously, however, little evidences suggested that agencies choose performance measures based on citizen preferences, especially when the agency is meeting or exceeding its performance targets. Citizens have a limited voice in the composition of the services that they receive, but they are interested also in the services that they do not consume. They would deny resources to some activities of government if they could, even though other citizens may want those activities with relative benefits (deLeon & Denhardt, 2000). As example, the marketing literature highlights how citizens residing in the city limits believe that country residents are receiving a comparable service bundle without paying city taxes. Managers have the responsibility to communicate standards of performance and the bureaucracy's record of achievements to citizens in a way they can understand (Cope, 1997; Behn, 2003). Currently the managers are exhorted to be flexible, adaptive, and customer focused in theory, in practice it asks citizens customer to reevaluate their satisfaction with services based on performance data. Reading the trend and the situation of the local management is possible through analysis. It is possible if analysts aggregate complex information (e.g. macroeconomics data, business plans, and possibility nonfinancial information) and provide earnings forecasts, cash forecasts, share price targets and recommendations. As a result, analysts could be a channel through which customer satisfaction information can be incorporated into share prices (Luo et al., 2010). But nonfinancial information can increase analysts' forecast accuracies (see Orens & Lybaert, 2007). However, the extent to which analysts use nonfinancial information has received limited attention. Customer satisfaction influences customers' behaviours, which influence the firm's earning prospects (Gruca & Rego, 2005). Customers decide and evaluate in base on performance of product relative to a comparison standard, typically, pre choice expectations. Customer requirements and expectations are: efficient and transparent use of public resources; structure an content adaptation to customers; benefit performance of institutions; ownership by institutions responsibility for non quality costs; aligning institution standards and practice of European organizations in quality management. Learning organization supports continuous improvement of management system and a strategy based on to increase service quality will be able to add economic value, environmental and social, as expected to flow the value created, long term.

3. Popular Financial Reporting and the Consolidated Popular Financial Reporting, the Case of City of Turin

In order to give an answer to the transparency and accountability requests of the population, since several years the Popular Financial Reporting has been used in United States capitals and countries as a results "translation" tool (Biancone, Secinaro, & Brescia, 2015). The word "translation" is used to emphasize the easiness to understand the information provided through this document. The independent organization that establishes and improves the standards of accounting and financial reporting for U.S. states and local governments is called GASB. This organization defines the criteria to establish guidelines on popular financial report. The first time that the GASB defined an issued inception on Governmental accounting standards was in the 1984 through different statements. It lays the groundwork to act and edit the popular report based on the financial statement. The provided information derives to financial statement and hold detailed analysis and difficult terms for the users. The understanding of the document is based on the maturity of citizens to translate and encode the different information. The utility of popular report is to show through a summary information in a simply language additionally data on public activity resulting from levies.

The Government Finance Officers Association (GFOA) too offers a different approach to the financial statement in generally accepted accounting principles (GAAP). The GAAP are a common set of accounting principles, standards and procedures used by companies to compile their financial statement. GAAP are a combination of authoritative standards (set by policy board) and simply the commonly accepted ways of recording and reporting

accounting information. For the first time in February 2006, GFOA encourages to issue a comprehensive annual financial report (CAFR) in conformity with GAAP.

The GFOA Best Practice, following the GAAP accounting principles, highlight that it is needed a high number of details translatable in the Annual Financial Reporting. This information, easily understandable, should improve the awareness of the citizens in taking informed decisions.

Popular reporting should produce a brief and easy readable document, inclusive of financial reports addressed to citizens' targets. Moreover, it could be subjected to a complete and easy-going availability of other potential users such as politicians, public sector employees, the media, community groups, etc. (GASB, 1992).

It is recommended to report a consolidated or aggregating presentation with different characteristics, as follows:

- Publication of the popular report no later than six months;
- Presentation of information in an attractive and easy way, written in a concise and clear style, avoiding technical jargon and favouring the translation of information in graphs;
- Narrative language in providing specific kind of information in order to highlight important aspects;
- Comparative trends and interpretation of financial data;
- And, most importantly, encouragement to the citizens in providing feedback.

The results of studies highlights that have implications for policy makers internationally, who are charged with the responsibility for determining the content of annual reports. Regulators need to differentiate content prescription depending on entity type. Moreover, they support the various efforts being made internationally to tailor the information provided to stakeholders. Examples of this are seen in the US through the services effort and accomplishment reporting framework established by the Governmental Accounting Standards Board and the attempts to simplify reporting embodied in the move towards "Popular Reporting" in local governments; in Australia through the provision of audited performance, and the moves to simplification with the production of a Community Financial Report (Ryan & Mack, 2007).

On 14 March 2016, Turin became the first European City to publish financial statements prepared under Popular Financial Reporting Principles, with the aim to make financial reporting more understandable to different stakeholders. As reported by Moody's Public Sector Europe: "We expect this is to raise Turin's transparency standards, which should go hand in hand with a more efficient and responsible use of resources, a credit positive" (Zambon & Beltrachi, 2016). This document is composed by 81 pages. The first chapter introduces the consolidated group of City of Turin, the second chapter represents the value of consolidated public group, while the group realized the third shown qualitative and quantitative terms the public services, and, where it is possible, how these services. The fourth chapter shows a resume of other Entities and companies, while the fifth chapter is essential because it explains the methods used to realize the document. In this chapter it is underlined the role of the Department of Management of Turin University in the realization of the document and in the data collection in order to ensure a major veracity and transparency. The last chapter links the will to realize a common knowledge to the fulfilment of Public Group and the research of public comparison to publicize the results. It is summarized in a Plan of dissemination of the document.

4. The Method and the Aims

According to the guidelines and the studies previously reported, it is proposed the construction of a questionnaire useful to the perception of the information provided in the Consolidated Popular Financial Reporting and to the analysis of the results in order to implement or reduce the information provided in the future. The proposal of the questionnaire and the data collection was realized by the authors through an online tool made available by the Department of Management of University of Turin. The questionnaire were distributed to specific cluster that the group of study defined firstly in the construction of content of Popular Financial Reporting and then in the plan of diffusion. In particular, the cluster is defined in employees and collaborators, students (it includes residents outside Turin but who could influence the management), citizens, associations, media, health units, public institutions. The study group focused the different areas of competence of municipality and it structures a table were highlights how is hit by interests or values. The questionnaire allows a single answer for citizen/user. The final purpose is to describe the usefulness of the tool. Indeed, the document is designed with the aim to allow the identification of programming objectives for the managers in a continuous improvement "Process of drafting popular consolidated report". The Authors presented this approach in a previous paper named "Popular report and Consolidated Financial Statements in public utilities. Different tools to inform the citizens, a long journey of the transparency".

4.1 The Dissemination of the Popular Financial Report and the Administration of Questionnaires

The Popular Financial Reporting was realized for the City of Turin in the period 2014/2015. The plan of dissemination allows understanding which channels were used for the dissemination. The Popular Financial Reporting was presented for the first time the 14th March 2016. From this date, it has been made available on the institutional web site of the City (<http://www.comune.torino.it/home.shtml>). At the same time, the Press Office of the City has shared it on the institutional Facebook profile, recording the feedback and objections about the document's contents obtained by the social media interactions. The Press Office of University of Turin also shared the Report.

The City printed 1500 hard copies and 1500 USB keys containing the document. These paper and electronic copies were made available in a first public presentation. Then, other copies were also disseminated to all the councils and to the most important public entities of Turin like police, carabinieri, fire fighters, and the public libraries of the town to permit the rental. In addition, an invitation to spread the document was proposed to the members of different Professional Associations and Unions of the City. Finally, the document was sent to the administrators and managers of public entities and companies of the consolidated groups as well as to civil servants.

In order to receive suggestions and feedbacks by the stakeholders after the reading, a questionnaire that gets back the main contents of the Popular Financial Reporting was realized. This questionnaire was sent through the same channels of distributions of the document. The Department of Management created also a Facebook page to stimulate the reading and the answering of the questionnaires.

4.2 The Questionnaire

The questionnaire was structured following the best practices written by GFOA in the paper "Creating an excellent Popular Financial Report" (Herrmann 2011). According to the best practice, the main features of the Popular Financial Reporting is built on 10 tips. The PFR should have a designed draw on the reader and uniform theme from the cover to the end; the cover has to call immediately the imagination on the topic. The letter to the shareholders should highlight management responsibility, summarize the moments most important in the years and it is important to include a photo of the writer. Avoid jargon and technical language that might not be immediately understandable to those without a financial or accounting background and use short and simple sentences and words. The document should be easy to read, on the inside pages they are advisable design elements and bulleted paragraphs. The graphs are essential to present data reports, all graphs should be clear and fully explained, and support details. Images should provide a visual representation of the jurisdiction and should enhance rather than detract from the report's appeal. Focusing the attention on the main theme that the stakeholders want. The Popular Financial Reporting is an opportunity to portray itself. It is preferable a narrative discourse and an explanation of definitions. It is important to include the interdependence with other levels of government in income and expenditure and the link to companies and entities where the municipality invested to give a clear overview. The problems need an immediate representation in the document. In the Popular Financial Reporting will be produced reports and data that are not shown in other institutional contexts. According to these different tips, we realized a questionnaire aimed to analyze the contents of Popular Financial Reporting of the City of Turin.

The questionnaire consisted of 30 questions of which 25 were closed (single or multiple preference), and 5 were open-ended questions. The questionnaire is available in Italian on the institutional web site of the Department of Management at the following link: <http://www.management.unito.it/do/forms.pl/Search?search=categoria%3A%22Questionari%22&title=Questionari>.

The questionnaire was divided into two sections. The first one (7 questions) collected information about the socio-demographic variables: residency, gender, nationality, hometown, age, level of education, occupational status. The second section investigated the opinion of readers about several aspects of the Popular Financial Report of the City. The citizens could provide suggestions about the document, in particular regarding the title, the aims, the clarity of text and graphics, the need for further pictures, the comprehensibility and completeness of the contents. Moreover, information about their attitudes of reading, understanding and their opinion on usefulness, transparency and ways of dissemination of the Report was requested. Finally, the citizens could provide suggestions about specific topics of particular interest to deepen in the future editions of the document. The main aim of the questionnaire, indeed, was to define the future structure and contents of the Popular Financial Report.

The target was identified with the inhabitants of the city of Turin (889,974) and the final sample included 749 people. The margin of error with a confidence level of 95% was calculated as 4%. Data collected through the questionnaire were then analysed reporting frequencies and percentages of answers and, when possible, evaluating these results according to the level of instruction. The Chi-Square test was used to identify statistically significant differences among categories of educational level. All statistical analysis were carried out using STATA V.13 (Stata Corp, College Station, Texas, USA, 2013) and a two-tailed p value <0.05 was considered significant for all analyses.

Table 1. Description of the sample

		% (N)
Gender	Male	38.78 (287)
	Female	60.00 (444)
	Transgender	1.22 (9)
Age (years)	<20	14.54 (108)
	21-30	35.67 (265)
	31-40	7.40 (55)
	41-50	13.06 (97)
	51-60	23.96 (178)
	61-70	5.25 (39)
	71-80	0.13 (1)
Nationality	Italian	96.59 (708)
	Foreigner	3.41 (25)
Residence	Turin	47.85 (355)
	Province of Turin	32.88 (244)
	Piedmont	11.73 (87)
	Italy	7.01 (52)
	Abroad	0.54 (4)
Educational level	Master, PhD	5.40 (40)
	University degree	30.90 (229)
	High school diploma	60.73 (450)
	Middle school diploma	2.97 (22)
Occupational status	Employed	51.42 (381)
	Occasional job	4.18 (31)
	Student	43.45 (322)
	Retired	0.27 (2)
	Unoccupied	0.67 (5)

5. Results

5.1 The Sample

The number of questionnaires about the Popular Financial Reporting, collected recruiting an opportunistic sample of readers in the period from 28 March 2016 to 02 June 2016, was 749.

The 47.84% of respondents are resident in Turin, around 33% in the Province of Turin, while the other ones declared to be resident in Piedmont (11.73%), other Regions (7.01%) or to be foreigner (0.54%). The majority of the sample was female (60%), Italian (96.59%) and born in the North of the country (84.43%). The age class most represented was the one from 21 to 30 years old (35.67%), followed by people aged 51-60 (23.96%), people aged 11-20 (14.54%) and people aged 41-50 (13.06%). Regarding the level of education, the 60.73% of the sample declared to be high school graduated, while 30.90 have a degree and 5.40 further university titles. The 51.42% are permanently employed, while 43.45% are students.

5.2 The Questionnaire's Feedbacks

The title of the document was appreciated by the 58.6% of the sample. Alternative titles suggested were, as example, "Transparent balance", "POP, Balance free", "Popular balance", "Finance Report of the City". Actually, all these suggestions were in Italian language probably to highlight the need of a common and understandable language to the entire population. The 65.12% of the respondents declared that the aims are clearly written, while

the 29.02% would prefer further information about it. No differences were found according the level of education ($p = 0.366$). The document was defined as easily understandable by the 96.17% of the sample, independently from the instruction of respondents ($p = 0.111$), although the 55.40% would made some amendments. The graphic design has been appreciated by the majority of the sample (76.73%) and the tables has diffusely been considered as clear and readable (83.86%) with no differences about educational level ($p=0.780$). The 60.45% think that the document provide comprehensive and clear information, while a quarter consider the information as clear but not complete and 11.16% believe that the information are complete but not clear. It must be highlighted that, analyzing the data according to the education, we found that the people with a lower level of instruction, in particular the middle school, have more difficulties in understanding the information provided by the Popular report (17% vs 3% of other categories; $p=0.042$). Probably further data, especially the qualitative ones, would be useful since the 90.93% of the sample would increase this kind of contents.

The 79.26% normally do not read the Balance of the City (especially those with a lower educational level: 14.29% vs 27.50% of the ones more educated; $p=0.012$), the 65.46% declared some difficulties in the comprehension of the balance (no differences among categories of instruction; $p = 0.689$), while the 60.91% find an utility in the inclusion of the balance in the Popular Financial Reporting. The strategies of communication are important. In the opinion of the respondents, the main channels of dissemination of this document should be the institutional website of the City (70% of the total sample; more frequent in respondents graduates; $p = 0.001$), the official social media (62.69% of the total sample; with significant difference among categories of education: >60% in those who completed at least the high school vs. 38.10% of middle school attenders; $p = 0.019$) and the University press office (43.90%; again more frequent in people with at least the high school certification; $p=0.044$). Other suggestions provided directly by the respondents included iPhone applications, specific banner on bus stops and bus, a dedicated website, several free press disseminated in the hairdressers stores.

After reading the document, the 56.23% declared to have a complete vision of the services and the entities/companies collaborating with the municipality, while according our sample the transparency was totally (65.79%) or partially (29.22%) guaranteed by the document. No differences were found according the level of education. Finally, the 73.75% of participants is convinced that the document allows a greater awareness of the services provided by city.

Table 2. Opinion about the popular financial reporting

		% (IC95%)
Do you like the title?	Yes (N=426)	58.60 (55.02 - 62.18)
The aims are clearly specified?	Yes (N=478)	65.12 (61.67 - 68.57)
The language is clearly understandable?	Yes (N=298)	40.77 (37.21 - 44.33)
	Yes but can be improved (N=405)	55.40 (51.80 - 59.00)
Do you appreciate the graphic design?	Yes (N= 564)	76.73 (73.68 - 79.78)
The tables are easily readable?	Yes (N= 608)	83.86 (81.18 - 86.54)
The information is well provided?	Yes, complete and clear (N=429)	60.59 (56.99 - 64.19)
	Yes clear but no complete (N=173)	24.44 (21.27 - 27.61)
	Yes complete but no clear (N=79)	11.16 (8.84 - 13.48)
	No (N=27)	3.81 (2.40 - 5.22)
Do you usually read the Balance of the City?	Yes (N=99)	13.60 (11.11 - 16.09)
Do you understand the Balance of the City?	Yes (N=149)	20.75 (17.78 - 23.72)
	Yes but with some difficulties (N=470)	64.46 (60.98 - 67.94)
	No (N=99)	13.79 (11.27 - 16.31)
Is it important the Balance for this document?	Yes (N=444)	60.91 (57.37 - 64.45)

5.3 The Topics of Interest

The topics most interesting for the respondents are the expenditures of the municipality administration (62.10%), the social (49.93%; especially for people who attended at least the high school; $p<0.001$) and educative (46.99%) policies, and the tourism and culture (49.79%). Suggestions about further topic, not included in the present Report, included work policies, architectural barriers, policies in favour of victims of violence, polices for the new hires, names of sector managers and councils with financial capacity.

Table 3. Opinion about the Popular Financial Reporting according to the educational level

		Master, PhD	University Degree	High School diploma	Middle School diploma	School p
The aims are clearly specified?	Yes	72.50 (29)	63.56 (143)	65.39 (291)	71.43 (15)	0.366
	Partially Yes	25.00 (10)	27.56 (62)	29.89 (133)	23.81 (5)	
	No	2.50 (1)	8.89 (20)	4.72 (21)	4.76 (1)	
The language is clearly understandable?	Yes	48.72 (19)	42.41 (95)	38.43 (171)	57.14 (12)	0.111
	Yes but can be improved	43.59 (17)	54.02 (121)	58.43 (260)	33.33 (7)	
	No	7.69 (3)	3.57 (8)	3.15 (14)	9.52 (2)	
The tables are easily readable?	Yes	80.00 (32)	84.32 (187)	84.62 (374)	77.78 (14)	0.780
	Yes but can be improved	20.00 (8)	14.86 (33)	13.80 (61)	22.22 (4)	
	No	0.00 (0)	0.90 (2)	1.58 (7)	0.00 (0)	
The information is well provided?	Yes, complete and clear	57.89 (22)	59.17 (129)	61.48 (265)	66.67 (12)	0.042
	Yes clear but no complete	34.21 (13)	28.44 (62)	22.27 (96)	5.56 (1)	
	Yes complete but no clear	5.26 (2)	9.17 (20)	12.53 (54)	11.11 (2)	
Do you usually read the Balance of the City?	Yes	27.50 (11)	16.67 (37)	10.86 (48)	14.29 (3)	0.012
	Yes	25.00 (10)	22.48 (49)	19.50 (85)	19.05 (4)	
Do you understand the Balance of the City?	Yes but with some difficulties	62.50 (25)	66.06 (144)	66.06 (288)	57.14 (12)	0.689
	No	12.50 (5)	11.47 (25)	14.45 (63)	23.81 (5)	

* High school diploma or more;

* Middle School.

6. Conclusion

The stakeholder approve the Popular Financial Report as an important tool to transparently communicate with the stakeholders. However, some improvement could be made, especially considering the differences observed among the educational level categories. Some difficulties, indeed, were spotted in the comprehension of the contents for the people with lower instruction (middle school). Further efforts to clarify the meaning of the text and of the tables are needed in order to reach the full understanding by readers. Another important result is related to the structure of the questionnaire. The presence of open questions gave to the audience the possibility to suggest topics, titles and ways of improvement. The IPSAS B serves the public interest by developing high quality accounting standards for use by public sector entities around the world in preparation of general-purpose financial statements. The budgetary information is comparable when users are able to identify similarities and differences between that information and the information contained in other documents (IPSAS 1). In this case study, the citizens are not able to compare information, in particular the people with lower instruction are a lower ability to understand a balance without other information and explanations. The choices of the public administration on financial management greatly affect citizens: a solid and transparent financial reporting has the potential to improve decision-making in the public sector and making government more accountable to their own constituents (IPSAS 2). The Popular Financial Reporting is a tool for reporting of consolidated public company and its subsidiaries, which summarizes in a comprehensible and transparent performance results for stakeholders. The national and international accounting standards are unanimous in enshrining the right to transparency of public accountability. This study gives a first demonstration that this tool integrated the transparency in controlled entities, associates and joint ventures that are accounted for under (IPSAS 36) Consolidated and Separate Financial Statements (IPSAS 37). The Popular Financial Reporting is a new integrated reporting frontier for Italian and European public companies, already established in other international contexts: in the US, for example, 60% of municipalities are using the popular financial reporting. This new tool is adapted to respond to international accounting standards IPSAS and evaluate the performance in public context (Montesinos, Brusca, Manes Rossi, & Aversano, 2013). The public body tends according to public accountability to meet and increase efforts towards the services that the population demands more. In public institutions, there is an increasing push

towards internal management control and the achievement of performance. In the private evaluation of the results it is only a tool to boost and increase sales according to a consumption-based approach taking as a reference the budgetary targets. Not always, the public's assessments are efficient. Often the citizen demands and stakeholders in general are against the public interest to satisfy the interest of the individual. Starting from the criticism of public accountability you can be considered the Popular Financial Statement as a useful tool to empower the population and stakeholders by providing different results. But this instrument must be only half that does not excessively constraints the public manager decisions and that also allows reading unpopular decisions taking into account the objectives and the situation of the consolidated financial statements and the collective being of himself aimed at creating long-term value. Will be essential for the future further increase the content of Popular Financial Reporting and locate a view to creating added value the relationship between managerial results, accounting and non-public entity, and satisfaction of the population with new criteria (eg. BES results equitable relationship sustainable population).

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