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Political Use of Financial Information in Local Governments: A Cross-Country Study of Italy and Portugal

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Abstract

This paper explores the measurement of the use of financial information (FI) by politicians at the local level. It develops a comparative study between Portuguese and Italian municipalities. The use of FI is analysed in different political settings for financial decision-making and accountability, namely considering council meetings discussing the annual budget and accounts.

The comparative case studies evidenced that, even if admitting some misunderstanding of use of accrual-based terms in the Italian context, cash-based information continues to be preferred, and the most important moment when politicians use this type of information in in local councils' meetings discussing the annual budget.

When adapting the FIU Index first proposed by. Jorge et al. (2024) to a comparative-international perspective, the choice of the terms to be included becomes the main challenging task. Allocating terms to budget-, cash-, accrual- or financial statement-type of information is not straightforward. Despite theoretical and literature bases, some terms can bridge between different spheres, according to specificities of the country's accounting framework. This underlines the need to include in the FIU Index research teams, people knowing specificities of the country's accounting language, so the measurement instrument to be developed can be broadly applied.

Keywords: Accounting Language; Budget Information; Accounting Information

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Usage; Measurement; Document Content Analysis