

UNIVERSITY OF GHANA

COLLEGE OF HUMANITIES

THE ROLE OF PUBLIC SECTOR ACCOUNTANTS IN THE ADOPTION OF NEW PUBLIC
MANAGEMENT REFORMS IN PUBLIC SECTOR ACCOUNTANCY

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THIS THESIS IS SUBMITTED TO THE UNIVERSITY OF GHANA, LEGON, IN PARTIAL
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DECLARATION

I do hereby declare that this work is the result of my own research and has not been presented by anyone for any academic award in this or any other university. All references used in the work have been fully acknowledged.

I bear sole responsibility for any shortcomings.

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ZAKARIA TUAHIR-DEEN

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DATE

CERTIFICATION

I hereby certify that this long essay was supervised in accordance with the procedures laid down by the University of Ghana.

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DR CLETUS AGYENIM-BOATENG

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DATE

DEDICATION

This work is dedicated to my cherished wife, Musah Ayisha, my beloved son Tuahir-Deen Tipagya Shaibu and daughters, Tuahir-Deen Faridah Tahama, Amina Chanfiwuni and Tuahir-Deen Maridiah Nasara.

Also, this work is dedicated to my late mother, Saratu Mohammed and father, Zakaria Sayibu.

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LIST OF ABBREVIATIONS

CAGD	Controller and Accountant-General Department
CEPA	Centre for Policy Analysis
EC	European Commission
	Ghana Integrated Financial Management Information
GIFMIS	System
GoG	Government of Ghana
MDAs	Ministries, Departments and Agencies
MMDAs	Metropolitan, Municipal and District Assemblies
NPM	New Public Management
ICAG	Institute of Chartered Accountants, Ghana
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
IMF	International Monetary Fund
IFRS	International Financial Reporting Standards
PFM	Public Financial Management
PIS	Public Institutional Systems
PBE	Public Business Enterprises
UN	United Nations

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ABSTRACT

New Public Management reforms in public sector accountancy, more specifically, the adoption of accrual basis IPSAS is considered a relevant improvement to the cash basis of accounting since it enables comprehensive reporting on financial transactions of the public sector. This study examines the roles of public sector accountants in the adoption of accrual basis IPSAS in the public sector. Particularly, the study attempts to provide the roles of public sector accountants in the accounting class of Ghana Civil Service under the Controller and Accountant-General Department.

The study employs the ethnographic qualitative research method to achieve the objectives of the study. This method aids discovering meanings that public sector accountants attribute to their lived experiences regarding their roles. Semi-structured interviews and observations were also used by the researcher.

The study indicates that the current accounting model used in the Ghanaian public sector is modified or cash basis. It finds that this method fails to generate General Purpose Financial Statements in accordance with the requirements of IPSAS thereby necessitating the need for the adoption of accrual basis IPSAS. Following this, public sector accountants under the accounting class have diverse roles to play to ensure the adoption of IPSAS in the public sector.

The study recommends that stakeholder groups such as accounting firms should be engaged to facilitate the adoption of IPSAS and provide training programs for public sector accountants. It also recommends that future studies should focus on the involvement of external stakeholder groups such as accounting firms in the adoption of

IPSAS in the public sector.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter provides an introduction to the study and summarizes key methods employed by the researcher. It is organized as follows:

- Background of study;
- Significance of study;
- Problem statement;
- Research aim and objectives;
- Research questions;
- Methodology and data collection techniques;
- Data analysis; and
- Ethical considerations.

These sections are discussed in turn hereafter.

1.1 Background of study

Emergent practices in the public sector accounting has received much attention over the past decade. Instrumental among these practices is the adoption of New Public Management reforms by public sector entities to aid accountability, transparency and efficient use of state resources. New Public Management (NPM) reforms in public

sector accountancy are considered as relevant improvements to the cash basis of accounting that enable comprehensive reporting of financial performance and position by public sector organizations (Guthrie, 1998; Humphrey & Miller, 2012). Besides, public sector accounting inspired by NPM enhances accountability and transparency and has resulted in international institutions, such as European Commission (EC), World bank, International Monetary Fund (IMF) and United Nations (UN), putting pressure on governments in different jurisdictions to ensure its implementation in public sector institutions to enable international conformity and legitimacy (Vivian & Maroun, 2018; Christiaens & Rommel, 2008). However, some have raised concerns that the view of accounting systems modified by the New Public Management (NPM) is an attempt by international accounting bodies and accounting professionals in the private sector to pursue self-interests that accrue to their benefit (Humphrey *et al.*, 2005). In like manner, government agencies and civil servants have not reached a consensus that the adoption of NPM reforms will result in improved levels of accountability as predicted by proponents of NPM reforms (Wynne, 2008; Ellwood & Newberry, 2007).

In recent developments, NPM reforms in public sector accountancy spearheaded by the International Public Sector Accounting Standard Board's (IPSASB) Conceptual Framework project has developed a consultation process geared towards the enablement of dialogue among government agencies, international accounting bodies and accounting professionals (Vivian & Maroun, 2018). Consequently, government agencies, international accounting organizations and accounting professionals are encouraged to submit comments about the IPSASB's Conceptual Framework in the consultation process to be examined. The IPSASB following these comments broke its

Conceptual Framework for public sector reporting into four phases. Phase 1 considered objectives and scope of reporting, qualitative characteristics and defined a reporting entity. Phase 2 dealt with recognition criteria and elements of reporting. Phases 3 and 4 outlined the measurement of assets and liabilities, and disclosures in financial statements (IPSASB, 2015).

Prior studies of New Public Management in public sector accountancy have largely focused on its origins and implications for public sector accounting (Larbi, 1999). Similarly, institutional pressures for public sector organizations to be more private sector-oriented are yet to be understood. Notably, the requirements of NPM have changed over the past decade. Moore *et al.* (1994, p13) argued that,

“the central feature of NPM is the attempt to introduce or simulate, within those sections of the public service that are not privatized, the performance incentives and the disciplines that exist in a market environment”.

The assumption is that public sector entities will be exposed to the effectiveness and efficiency of private sector organizations despite vast contextual differences (Larbi, 1999).

1.2 Background of Public Sector Reforms in Ghana

Countries in Africa and the world have initiated procedures to adopt New Public Management reforms to enhance accountability and transparency. In Ghana, an assessment of the Public Financial Management systems revealed several weaknesses in public sector reporting in the early 1990s. This was immediately followed by the launch of Public Financial Management Reforms Program (PURMARP) led by the

Ministry of Finance. Among this program were the Medium-Term Expenditure Framework (MTEF) for budgeting and the Budget Program Expenditure Management Systems (BPEMS) for public sector accounting to migrate towards the computerization of the public sector expenditure cycle. These reforms were bolstered by the promulgation of Financial Administration Act (FAA) in 2003 and the Financial Administration Regulation (FAR) in 2004. These formed the basis for the migration from cash accounting to Modified Cash basis of accounting in public sector accounting and reporting for the recognition of revenues and expenditure.

Under regulation, financial accounting and budgets in the Ghanaian central and local government were integrated into a single system known as the Ghana Integrated Financial Management Information System (GIFMIS). The GIFMIS was deployed to some Ministries, Departments and Agencies (MDAs), and Metropolitan, Municipal and District Assemblies (MMDAs) to account for budgetary appropriations on the Consolidated Fund. Institutions that played pivotal roles in the implementation of these reforms included Institute of Chartered Accountants, Ghana (ICAG), the Ghana Audit Service and the Controller and Accountant-General's Department (CAGD). Recommendations by these institutions has initiated Ghana's adoption of IPSAS as the accounting and reporting standard for public sector organizations (GoG, 2015). Government's adoption of the NPM reforms to implement Accrual Basis International Public Sector Accounting Standards (IPSASs) was an attempt to regulate recognition, presentation and measurement of transactions to aid preparation of financial statements.

The GIFMIS developed by the Ministry of Finance and Bank of Ghana as a Public

Management reform requires the Accrual basis IPSAS to,

“improve the quality of general purpose financial reporting by Public Sector entities, leading to better informed assessments of the resource allocation decisions made by governments, thereby increasing transparency and accountability” (Controller & Accountant General's Department, 2018).

The adoption of NPM reforms by Ghana is aimed at presenting a complete view of the performance and position of public sector organizations and harmonizing reports and financial statements among public sector entities across the nation. By so doing, attempts have been made by government following the announcement of Ghana's adoption of IPSAS. Requirements are, therefore, yet to be set for the central government – Ministries, Departments and Agencies (MDAs)- and local government – Metropolitan, Municipal and District Assemblies (MMDAs) to adopt new rules and accounting procedures

1.3 Significance of the Study

The aim of this study is to contribute to the many thought pieces on the role of accountants in the public sector. The study focuses on public sector accounting and provides discussions relevant to policy making and accounting in the public sector. This study will inform practitioners and policy-makers on important context-specific indicators of public sector accounting and the role of accountants in delivering public sector accountability.

This study will contribute to current understanding of the role of public sector accountants and the support for New Public Management reforms by stakeholders in

the public sector. It will address perspectives on public sector accounting and the institutional pressures that align private and public sector accounting practices under NPM reforms.

1.4 Problem Statement

This study examines the role of public sector accountants in delivering public sector accounting and accountability in the adoption of New Public Management reforms. This emanates from limited research in public sector accounting despite its rich empirical context in developing economies (Simpson, 2012). Notably, the effects of NPM on public sector accountancy and the roles of public sector accountants in its implementation is not fully understood (Vivian & Maroun, 2018). Despite the material implications of the IPSASB's Conceptual Framework for multiple jurisdictions, the extent regarding stakeholder involvement has not fully been considered.

It is against these developments that the researcher aims to contribute to ongoing discussions on New Public Management reforms in public sector accountancy in the Ghanaian context.

1.5 Research aim and Objectives

The main aim of this study is to consider the role of public sector accountants in the adoption of NPM reforms in Ghana. The specific objectives of the study are:

- To examine the roles of public sector accountants in the implementation of NPM reforms;
- To understand institutional pressures that are motivating adoption of NPM

reforms;

- To assess the improvement of general-purpose financial statements of public sector entities.

The succeeding section outlines the research questions that will enable the researcher achieve these objectives.

1.6 Research Questions

The researcher hopes to achieve all research objectives by posing the succeeding questions:

1. What are the roles of public sector accountants in the era of NPM reforms?
2. How have these roles evolved over time?
3. Which institutions inspired the adoption of NPM reforms?
4. What are the reasons for the implementation of these New Public Management reforms?
5. How has preparation of general-purpose financial statements of public sector entities improved?

These questions are guided by the methods adopted by the researcher to carry out the study. As a result, the research methodology, and data collection and analysis are briefly discussed in the next sections.

1.7 Methodology and Data Collection Methods

1.7.1 Method

The study considers the role of public sector accountants in the adoption of NPM reforms. Since the roles of accountants serving in the public space cannot be quantified, the qualitative research methodology is adopted. The qualitative method does not limit the scope and nature of responses that will be elicited from participants of the study. Since the subject matter of the study is occurring in its natural setting of the public sector, the researcher will be able to develop a level of detail from high involvement in the actual experience (Creswell, 2007). The qualitative method helps discover meanings that people ascribe to events that they experience in their natural setting (Bodgan & Biklen, 2003; Denzin & Lincoln, 2000).

The apposite approach used by researcher is ethnography. Ethnography is a qualitative inquiry approach that enables a researcher to describe and interpret both shared and learned patterns of behaviors, values and beliefs of a group (Creswell, 2007). Since the researcher is a public sector accountant, ethnography will enable the researcher to be immersed in the setting and become part of the group of public sector accountants in order to gain a deeper understanding of the meanings and significance of their roles (Smith, *et al.*, 1994). Besides, ethnography will enable the researcher to explore patterns of public sector accountants's behavior, attitudes and culture surrounding the performance of particular roles.

1.7.2 Sources of data

The researcher will employ participant observation and face-to-face semi structured interviews to gather data. Participant observation introduces flexibility to the study since the researcher can adapt to changing situations as the study proceeds (Skager & Weinberg, 1971). Moreover, participant observation will enable the researcher or observer to become part of the subject being observed so the researcher can provide insider information and opinions.

Face-to-face semi structured interviews are utilized by the researcher to determine the construction of roles of public sector accountants in public sector organizations. The semi-structured interview style will enable the researcher to probe more into open-ended questions. Interviews conducted will be tape recorded where allowed by respondents to initiate the data analysis process (Miles *et al.*, 2014).

1.7.3 Sampling and Selection criteria

The purposive sampling technique is adopted in selecting respondents. This method recognizes and selects participants or group of participants that are especially knowledgeable about or experienced with the subject matter (Creswell, 2007).

1.8 Data Analysis

Qualitative data analysis is the process of making sense from research participants' views and opinions of situations, corresponding patterns, themes, categories and regular similarities (Cohen, *et al.*, 2007). Data collection and data analysis were carried out concurrently since separating the two makes the analysis an arduous task that may frustrate the researcher (Miles *et al.*, 2014).

The researcher employed thematic analysis in the analysis of the qualitative data. Thematic analysis identifies, analyzes and reports patterns (themes) within data (Braun & Clarke, 2006). It extracts codes from interview data and categorized these codes into themes to establish a connection among different parts of the data. Thematic analysis helped in the interpretation of data in great detail.

1.9 Ethical Considerations

Ethical considerations are pre-requisite in the lives of researchers and requires researchers to protect the dignity of their respondents and publish well the data that will be gathered (Mantzorou & Fouka, 2011). The following ethical considerations were considered for this study;

- Participants or respondents of the study were not coerced or put under any form of duress or undue influence.
- The names and personal details of respondents were not included in the study.
- The researcher ensured confidentiality of all information provided by respondents.
- Respondents were allowed to withdraw from any interview session; before or during the session.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter comprises a review of public sector accounting literature by drawing on research works that have been done by other researchers which are considered relevant to situate this study in contemporary discussions on the subject matter.

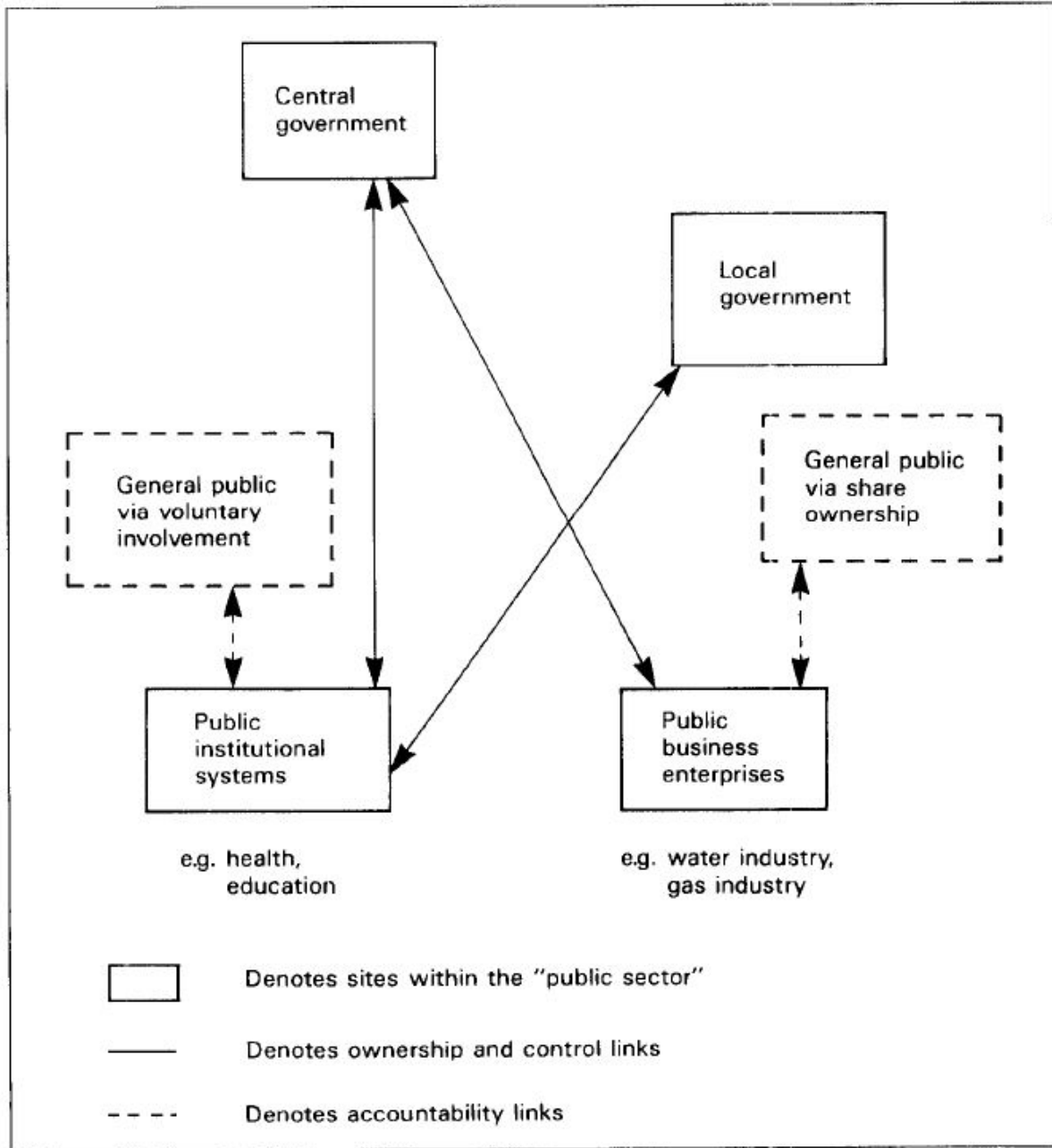
2.1 Overview of Public Sector

Throughout developing and developed economies, the public sector plays a vital role in socio-economic growth and development. In the understanding of Broadbent & Guthrie (1992), the public sector is seen as the aspect of a country's economic activity that the government owns and controls. The domain of the public sector can, therefore, be defined with a focus on ownership and control by government. That is to say, the public sector comprises public organizations engaged in the provision of utilities and services to the society. It is in the provision of these utilities and services that the government is heavily involved in policy making and funding.

According to Broadbent & Guthrie (1992), public sector was previously characterized by compliance, probity and control. However, there has been a movement away from this situation whereby the attention of public sector organizations has been focused on efficiency, cost management and effectiveness (Hood, 1991). This change has refocused the public sector accounting discourse to consider cost, efficiency and performance accountability. It is worth noting that there are two crucial areas of the

public sector comprising one funded by grants raised from government taxes; the other consists of organizations which supply utilities and services usually subsidized from government funds (Broadbent & Guthrie, 1992). This has led to the adoption of commercial practices such as commercialization (the process that adopts commercial management practices, principles and accountability systems); corporatization (the use of corporate legal, management, governance and accountability structures for public sector businesses); and privatization (selling part or full of a public sector entity to private investors) (Guthrie, 1990; Broadbent & Guthrie, 1992). They observed that through commercialization, corporatization and privatization, hybrid organizations are formed where funds are partly from the government via grants and partly through goods and services that are sold to customers in particular markets. Following these developments, Broadbent & Guthrie (1992) identified organizations within the domain of the public sector.

Even though local government (e.g. Metropolitan, Municipals and District Assemblies) and central government (such as Ministries, Departments and Agencies) were key organizations in the public sector, other elements such as Public Institutional Systems (PIS) and Public Business Enterprises (PBE) were considered to be part of the public sector (Broadbent & Guthrie, 2008).



Source: Figure 1, Broadbent and Guthrie (1992)

Public Institutional Systems serve as an element of the public sector because of provision of public services such education and healthcare. These PIS are funded by government through taxation (e.g. National Health Insurance Scheme (NHIS)). Public

Business Enterprises are characterized by the provision of utilities such as electricity, water and telecoms (Broadbent & Guthrie, 2008).

Notably, these changes have,

“redefined the public sector and have disturbed the cultural orientations and the perceptions of those involved in the various organizations as to what they are about” (Broadbent & Guthrie, 1992, p. 4).

Consequently, public sector entities responsible for the provision of services have to disclose elements of profit nowadays. This has led to new accountability systems and other developments that are discussed in the section hereafter.

2.3 Public Sector Accounting

2.3.1 Background and Development

Over the past decade, public sector authors have extensively discussed the role of accounting and accountants in the delivery of accountability in public sector organizations. Many countries have also considered reforming public sector accounting often known as New Public Financial Management (Guthrie, Olson, & Humphrey, 1999). In the European Union (EU), a survey shows that a few countries such as Greece and some regions Germany use cash basis of accounting while other countries such as France, Lithuania, Sweden, Switzerland and the United Kingdom (UK) apply IPSAS or the IFRS (Christiaens, Reyniers, & Rolle, 2010). Other EU countries such as Denmark, Finland, Spain and Portugal have also implemented accrual basis IPSAS though these countries have not made attempts to reform their accounting systems to reflect the IPSAS model (Cardoso, Pigatto, & de Aquino, 2014). For African countries and other emerging

economies, there are initiatives sponsored by international organizations for public sector accounting reforms. For instance, in Ghana, World Bank and International Monetary Fund have sponsored public sector accounting reforms including the deployment of GIFMIS and a movement towards accrual basis IPSAS (Simpson, 2012). In South Asia, some countries plan on adopting cash basis of IPSAS towards convergence with accrual basis IPSAS though not fully (Adhikari & Mellemevik, 2010).

There are different types of accounting in the public sector such as,

- Public Financial Management (PFM);
- External reporting (Financial, Social, Environmental, etc);
- Public Sector Budgeting;
- Auditing and Evaluation;
- Accountability and Governance; and
- Privatization, Public Private Partnerships and Private Finance Initiatives, etc (Vivian & Maroun, 2018; Broadbent & Guthrie, 2008).

Public sector changes as have been discussed above necessitated application of accounting technologies in particular contexts of public sector accounting. These technologies are defined as,

“the processes and systems which are being introduced as integral parts of the reformed structures” (Broadbent & Guthrie, 1992).

In effect, where an organizational structure changes, reformed accounting structures

are needed to enhance reporting practices. These are hinged on public sector accounting technologies such as Public Financial Management initiatives, Value for Money and Performance Auditing (Broadbent & Guthrie, 1992).

2.3.2 Public Financial Management Initiative

Public Financial Management Initiative adopts a particular managerial philosophy into the public sector. This philosophy, predominantly, delegates authority closer to operational areas. In Russel & Sherer (1990), financial management initiatives must consider appropriateness of public sector accounting techniques before their implementation in local authorities and central government departments. In view of this, Simpson (2012) reported some difficiencies in the Ghainaian public sector accounting techniques that plague most developing countries leading to public sector accounting reforms. These difficiencies include,

- inadequate systems of accounting and auditing;
- weak budget formulation;
- lack of accountability;
- untimely submission of information;
- poor compliance with financial management rules; and
- poor monitoring and control of expenditure.

These instigated major developments in public sector accounting practices including migration from cash basis of accounting to accrual accounting and the deployment of Ghana Integrated Financial Management Information System (GIFMIS) (Simpson, 2012).

These changes in public sector accounting practices are looked at in the section that follows.

2.4 Developments in Public Sector Accounting

Over the past decade, New Public Management reforms in public sector accountancy is considered as an essential public financial management initiative that is linked with the adoption of Accrual Basis IPSAS to enhance public sector accountability and aid transparency. Major reforms to accounting techniques in the public sector have also arisen as a result of the New Public Management paradigm propelled by the IPSASB Conceptual Framework for General Purpose Financial Reporting for Public Sector Entities (Vivian & Maroun, 2018). The New Public Management (NPM) paradigm focuses on appropriate accounting infrastructure that explains how money to all government organizations through annual budgetary appropriations are well utilized (Dunleavy & Hood, 1994). This has also motivated a gradual shift from cash accounting to accrual basis of accounting, manual systems to computerized systems, improved budgetary formulation and implementation; and better internal controls (Alleyne, 2014; Christiaens & Rommel, 2008). For instance, the shift towards zero-based accounting, activity-based accounting and performance measures such as key performance indicators and balanced scorecard highlights the role of improved public sector accounting practices (Lapsley & Jackson, 2003; Alleyne, 2014; Kaplan, 1990).

New Public Management reforms are geared towards greater efficiency and effectiveness of public sector entities. The public accounting literature identifies five accounting elements of the NPM paradigm, namely:

- Performance-focused reporting;
- Asset recognition;
- Private sector mimicry;
- Inter-generational equity; and
- Whole-of-government reporting (Hood, 1991; Chan, 2003; Mayston, 1999; Heald & Dowdall, 1999).

Traditionally, public sectors around the globe utilized cash basis of accounting (Carlin, 2005). The inadequacy of the cash basis of accounting enabled the origination of the accrual concept for effective management of public sector resources and operations. The accrual basis is being implemented by governments around the world (Carlin, 2005). Consequently, there has been a shift in the orientation of accounting in public sector organizations (Sutcliffe, 2003; Olson, Humphrey, & Guthrie, 2001). Though the cash basis of accounting is relatively cheaper and simple, it is not suitable for public sector financial accounting (Alleyne, 2014). Besides, the cash accounting basis does not report assets, liabilities, future benefits of assets and public debt. The adoption of Accrual basis of accounting, therefore, enhances accountability, transparency, efficient allocation of resources and public sector operational effectiveness (International Federation of Accountants (IFAC), 2012; Perrin, 1998; Guthrie J. , 1998). Additionally, to support the accrual basis of accounting, the IPSASB accentuated an enhanced performance reporting by widening the scope of the public sector reporting system.

In order to offer a contextual analysis of Ghana's adoption of accrual basis IPSAS, the

institutional theory of governmental accounting is adopted to recognize the dimensions of public sector reforms informed by institutional changes (DiMaggio & Powell, 1983). This model considers certain contextual variables such as replication of best practices in the private sector accounting by the public sector and international stakeholder involvement such as the World Bank and International Monetary Fund (IMF).

2.5 Theoretical Framework

Ghana's adoption of the IPSAS and the deployment of Integrated Financial Management and Information System (IFMIS) can be explained through institutionalism. Institutionalism takes three forms to drive institutional change: coercive, mimetic and normative isomorphism (DiMaggio & Powell, 1983). These three types of isomorphism are discussed in turn in the following sections.

2.5.1 Normative Isomorphism

There is a striking link between professionalization and normative isomorphism. This is where organizations seek to adopt practices that are recommended by professional bodies (DiMaggio & Powell, 1983). The institutionalization of public sector accounting practices to mirror private sector accounting in order to bring professionalization to the limelight legitimizes public sector accounting practices (Rodrigues & Craig, 2007). Moreover, accounting professionals in the public sector are keen to apply well-established standards and replicate private sector accounting practices. Guthrie *et al.* (1999) argued that accounting professionals will consider replicating well established standards in the private sector even if they are debatable. Notably, the function of public

sector accounting professionals involves more reporting complexities. Also, professional accounting bodies encourage the public sector accountancy's adoption of a conceptual framework that aligns the New Public Management with International Financial Reporting Standards (IFRS). This is because, these professional accounting bodies will draw on their expertise in IFRS to pursue revenue opportunities through consulting, training and provision of audit-related services (Vivian & Maroun, 2018). Summatively, accounting practices that are institutionalized in the private sector and the promotion of professionalization of financial reporting by large professional accounting bodies create normative pressures for the public sector to align its accounting practices with the private sector (Cooper & Robson, 2006).

2.5.2 Coercive Isomorphism

Coercive pressures are not explicit, that is, public sector organizations are not cajoled to align accounting standards with the New Public Management system. Coercive isomorphism is applied subtly where public sector organizations are encouraged to apply financial reporting developments that are framed as standards that promote accountability, transparency and good governance (Rodrigues & Craig, 2007). Proponents of the NPM paradigm intimated that cash-basis of accounting limited recognition of assets and liabilities and lack of preparation of consolidated accounts for public sector organizations have made it significantly difficult to assess performance and accountability of civil servants in local authorities and central government departments (Hood, 1991; Heald & Dowdall, 1999; Chan, 2003; Mayston, 1999) . In this way, though alignment of public sector accounting practices with NPM requirements is not mandatorily imposed on public sector organizations by a specific authority,

“coercive pressures are at work” (Vivian & Maroun, 2018). They mentioned that, *“the underlying assumption is that important stakeholders value an expanded sense of accountability based on measuring efficiency, reporting achievements and providing a better understanding of long-term assets and claims on those assets”* (Vivian & Maroun, 2018, p. 52).

Notable among these stakeholders are the United Nations (UN), World Bank and International Monetary Fund (IMF). These institutions encourage the adoption of IPSAS and place pressure on governments to consider its implementation. Even though they do not overtly mandate public sector organizations to adopt IPSAS, these institutions argue that adoption of the framework of IPSAS demonstrates commitment to accountability, transparency and efficiency (Christiaens *et al.*, 2010). As a result, countries such as Ghana which receive international funding are placed under coercive pressures to adopt NPM requirements with the adoption of IPSAS being central.

2.5.3 Mimetic Isomorphism

New Public Management reforms are popularly applied in the public sector due to mimetic pressures (Maroun & van Zijl, 2016). Evidently, the accounting frameworks in the public sector are not as formalized as accounting practices in the private sector, for example, IFRS (Guthrie *et al.*, 1999). Public sector organizations also deem private sector accounting practices to be more effective and efficient (Vivian & Maroun, 2018). As a result, public sector organizations may implement NPM reforms that align with private sector accounting practices not only because of coercive or normative isomorphism but also the effectiveness and efficiency of private sector accounting

practices.

The adoption of NPM reforms due to these pressures have significantly affected the role and function of public sector accounting professionals. Public sector accounting in Ghana in the wake of NPM reforms and its underpinning regulatory framework that outline the roles of public sector accountants are discussed next.

2.6 Accounting in the Ghanaian Public Sector

As indicated by Broadbent & Guthrie (1992), the public sector of Ghana comprises the central government (Ministries, departments and agencies); local government units, Public Institutional Systems and Public Business Enterprises. The above organizations are characterized by accounting and accountability, planning and budgeting, internal and external audit, consolidated fund accounting, public ownership of assets and liabilities; cash, accrual, modified accrual and commitment accounting and stewardship and control (Ajoa *et al.*, 2013). Notably, all institutions in the public sector are governed by regulations. The legal framework regulating the public sector comprise: the 1992 Constitution; the Financial Administrative Act, 2003 (Act 654); the Financial Administration Regulation, 2004 (L.I. 1802); the Internal Revenue Act; the Customs Excise and Preventive Act; the Bank of Ghana Act; the District Assembly Common Fund Act; Procurement Agency Act, 2003 (Act 663), Audit Service Act, 2000 (Act 584), Internal Audit Agency Act, 2003 (Act 658) among other regulations enacted by the Ghanaian parliament (Centre for Policy Analysis (CEPA), 2005; Institute of Chartered Accountants-Ghana, 2010).

The Controller and Accountant – General’s Department defines the roles of public

sector accountants as mandated by the Financial Administrative Act, 2003 (Act 654).

The function of public accounting professionals include;

- Receipt of all public and trust monies payable into the consolidated fund (through stationed in all government departments and revenue collecting institutions);
- Provision of secure custody of Public and Trust monies with the support of Ministry of Finance and Bank of Ghana;
- Disbursements on behalf of the Government such as payment of monthly salaries to government employees, pension gratuity and releases of funds for government projects and development;
- Establishment of accounts with the Bank of Ghana and its agents for deposit of Public and Trust monies

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This section describes the tools, methods and procedures that the researcher will employ to achieve the research objectives. The research methodology also details the systematic steps that will be undertaken by the researcher to address research questions. This section, therefore, discusses the research design comprising research method, approach and ethical consideration, data collection methods and modes of data analysis of the study. Sub-sections that are deemed necessary by the researcher will be created to further expound on methods and techniques that will be adopted. These sections are discussed in turn as follows.

3.2 Research design

The research design details the researcher's plan in answering research questions that will emerge and achieving overall objectives of the research. In the understanding of Leedy (1997, p. 195), a research design is best described as;

“a plan for a study, providing the overall framework for collecting data”.

Similarly, it serves as a structure that will aid the execution of the entire study. The researcher will adopt the interpretive paradigm since the research design process begins with philosophical assumptions that are required to carry out the study (Creswell, 2007). The interpretive paradigm will enable the researcher to observe and gain a rich understanding of the execution of the role of a public sector accountant in the adoption

of NPM reforms. This will also allow the researcher to examine the subjective perceptions of accountants in the public domain.

Notably, the research design embodies the research method, research approach and ethical considerations. These are discussed in the succeeding sections.

3.2.1 Research method

The research method is generally the researcher's tool that will be utilized to conduct this study. The study will adopt qualitative research method to achieve its objectives. The qualitative method is adopted for this study because it does not limit the scope and nature of responses that will be elicited from participants to highlight the roles of accountants in the public setting during the adoption of NPM reforms. Besides, it is a model occurring in a natural setting that will enable the researcher to develop a level of detail from high involvement in the actual experience (Creswell, 2007). Qualitative research method or inquiry also encourages;

“discovery, insight and understanding from the perspective of those being studied” (Merriam, 1998, p.1).

The qualitative method will enable the researcher to discover meaning that people ascribe to events that they experience in their natural setting (Bodgan & Biklen, 2003; Denzin & Lincoln, 2000). The subject of the study requires acquisition of adequate information pertaining to the role of accountants and it is apposite to use a qualitative method to provide a deeper understanding of how accountants in the public setting perceive their roles. This will ultimately capture the subjective views of these accountants practicing in the public sector.

3.2.2 Research approach

There are five approaches to qualitative inquiry, namely; phenomenology, ethnography, grounded theory, narrative research and case study (Creswell, 2007, p. 5). The researcher's aim to examine the role of accountants in the public sector coupled with his experience gathered in the public sector makes ethnography the appropriate research approach to be adopted for this study.

Ethnographic method

Ethnography is a qualitative inquiry approach that enables a researcher to describe and interpret both shared and learned patterns of behaviors, values and beliefs of a group (Creswell, 2007). It provides an in-depth and analytical description of a cultural phenomenon (Borg & Gall, 1989). An ethnographic study enables the researcher to be immersed in a setting and becomes part of a group to gain a deeper understanding of the meanings and significance that the group places on their behavior and that of others (Smith *et al.*, 1994). Hence, the researcher will continually observe how public sector accountants perform their roles.

The study aims at looking for patterns in the ideas and beliefs of accountants serving in the public space. Ethnography is most appropriate since it will enable the researcher to explore patterns of public sector accountants' behavior, attitudes and culture surrounding performance of particular roles. Again, the differing perspectives of these accountants in the public sector will be held in high esteem to achieve the objectives the study. In view of the abovementioned, ethical consideration for the study is discussed next.

3.3 Ethical consideration

Ethical considerations are pre-requisite in the lives of researchers and requires researchers to protect the dignity of their respondents and publish well the data that will be gathered (Mantzorou & Fouka, 2011). The following ethical considerations will be considered for this study;

- Participants or respondents of the study will not be coerced or be under any form of duress or undue influence.
- The names and personal details of respondents will not be included in the study.
- The researcher will ensure confidentiality of all information provided by respondents.
- Respondents will also be allowed to withdraw from any interview session; before or during the session.

3.4 Data collection methods

Data collection is necessary to achieve the study's objectives. The researcher will choose from a population, an appropriate sample to collect the required information for the study. As a result, this section will comprise data collection techniques, population and sample and sampling technique to be adopted to collect data that will aid the researcher's analysis.

3.4.1 Data collection techniques

The data collection techniques to be employed by the researcher is dependent on the research method, availability of data and research topic (Myers, 2013). For the purpose

of qualitative research, this study will gather relevant data through participant observation and face-to-face semi structured interviews.

3.4.1.1 Participant observation

Participant observation is one of the major techniques used in ethnographic research (Skager & Weinberg, 1971). They averred that participant observation introduces flexibility to the study since the researcher can adapt to changing situations as the study proceeds. However, Robson (1995) cautioned that a researcher undertaking an ethnographic study must not begin with a hypothesis because it may impart the research setting with misconceptions. He added that participant observation is the most apposite technique to gain a deeper understanding of real life situations.

Understanding the role of a public sector accountant demands the researcher to allow participants of the study to define the setting and proffer their views which can only be known when the researcher's investigation commences (Gay, 1987; Bodgan & Biklen, 2003). Additionally, participant observation enables the researcher or observer to become part of the subject being observed so the researcher can provide insider information and opinions. This is essential because views from accountants in the public sector regarding their roles may be different from views from outsiders (those who are not practising accountancy in the public sector). Also, the length of time spent by the researcher in the public sector has enabled the researcher to establish intimate and informal relationship with other participants of the study. This will foster reliability and validity of the information given by participants.

3.4.1.2 Face-to-face semi structured interviews

An interview is a two-party conversation between an interviewer and interviewee to

gather data as specified by the objectives of a study (Cannel & Kahn, 1968). Interview is essential to determine the construction of meanings that are attached to a phenomenon in its natural setting (Cohen *et al.*, 2007).

Interview are categorized into structured interview, semi-structured interview and unstructured interview. The researcher will employ semi-structured interview because it will enable the researcher to word questions carefully and probe more into open-ended questions. Interviews will be tape recorded where allowed by respondents to aid its transcription to initiate the data analysis process (Miles *et al.*, 2014).

3.4.2 Population

A population is a group of individuals or objects that have the same form of characteristics (Mugenda & Mugenda, 2013). Besides, the researcher's specifications for choosing participants of the study aid the determination of the appropriate population. For the purpose of this study, the researcher will consider public sector accountants in public service organizations specifically accountants under the Controller and Accountant General Department of the government and accounting staff members in the University of Ghana. The reason for the choice of these government institutions/public service organizations is because the subject under study requires respondents to have a fair if not in-depth understanding and knowledge about accountancy in the public sector.

3.4.3 Sample and sampling techniques

A sample represents the participants that will be selected by the researcher among the

population. This study will adopt the purposive sampling technique in selecting respondents that will make up the sample. The purposive sampling method recognizes and selects participants or group of participants that are especially knowledgeable about or experienced with the subject under consideration (Creswell, 1994). Though the study does not have a predetermined sample size, it seeks to consider a sample of about twelve (12) accountants all under both the Controller and Accountant General Department and University of Ghana central accounts department.

3.5 Data Analysis

Qualitative analysis of data is the process of making sense from research participants' views and opinions of situations, corresponding patterns, themes, categories and regular similarities (Cohen, *et al.*, 2007). In simple terms, analysis of data gathered by the researcher includes the process of transferring data through certain procedures into clear and understandable texts. Analysis of data is crucial since it reduces raw information, separates significant materials from trivia and identifies an appropriate medium for communicating the essence of what the data reveals (Patton, 2002). Data collection and data analysis will be carried out concurrently since separating the two makes the analysis an arduous task that may frustrate the researcher (Miles, *et al.*, 2014).

There are numerous approaches to qualitative data analysis. Some of these approaches include coding, hermeneutics, semiotics, conversational analysis, discourse analysis, narrative analysis and thematic analysis. The study seeks to utilize thematic analysis for the interview data and observations. Thematic analysis can be defined as identifying,

analyzing and reporting patterns (themes) within data (Braun & Clarke, 2006). Using thematic analysis, the researcher will transcribe interview data, reflect on the data for patterns, categories, regularities and threads to emerge inductively (coding), organize excerpts or codes into themes, review these themes and produce a report (Braun & Clarke, 2006). It is essential to extract codes from the interview data so that these codes can be categorized into themes to establish a connection among the different parts of the data. Thematic analysis will aid interpretation of data in great detail since it deals with a variety of subjects (Boyatzis, 1998). Furthermore, to aid triangulation of data, official documents such as the scheme of service for the accounting class of Ghana Civil Service and other laws were used.

3.6 Chapter summary

This chapter discussed the methodology of the study. First, it discussed the research design comprising research method as well as research approach employed by the researcher. Ethical considerations were also discussed. Second, it presented the data collection methods composed of population, sample and sampling techniques used in the study. Third, the chapter discussed how data will be analyzed.

CHAPTER FOUR

PRESENTATION AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter presents discussions on the empirical data collected and analyzed during the study. The chapter establishes accounting practices in the Ghanaian public sector. It also presents an overview of current public sector accounting model and reasons that motivate the adoption of accrual basis IPSAS in public sector accountancy. The chapter outlines roles of public sector accountants under the accounting class of Ghana Civil Service regarding the adoption of NPM reforms - more specifically, the adoption of IPSAS – in the public sector. The chapter consists of the following sections:

- The Ghanaian public sector accountancy;
- Overview of modified or cash accounting basis and Motivations for adoption NPM reforms;
- Roles of Public Sector Accountants;
- Importance of accrual basis IPSAS; and
- The challenge of Accrual basis IPSAS implementation

These sections are discussed in turn hereafter.

4.1 The Ghanaian Public Sector Accountancy

The Ghanaian public sector is noted to comprise the central government and the local government as well as Public Institutional Systems and Public Business Enterprises as

components of public sector as indicated by the literature (Broadbent & Guthrie, 1992). Ownership and control over these components in the public sector by government require new accountability and transparency mechanisms to ensure efficiency and effectiveness in the utilization of state funds. More specifically, there is the need for public sector accounting to adopt a rigorous accounting framework that is needed to thoroughly account for the use of grants and government taxes in Ministries, Departments and Agencies (MDAs); Metropolitan, Municipal and District Assemblies (MMDAs); and Public Institutional Systems (PIS). These are key components of the public sector in which financial management initiatives are considered as a priority; therefore, the need for appropriate public sector accounting techniques (Russel & Sherer, 1990). The Ghanaian public sector follows the modified cash basis of accounting in recognition and measurement of income and expenditure. A respondent noted that,

“.....currently, the public sector in Ghana reports in cash or modified cash basis”

A senior accounting assistant also mentioned that,

“IPSAS is an accrual basis whiles the current is (modified) cash basis”

This accounting model is used at both the central government level – MDAs – and local government level – MMDAs – for records of disbursements and revenue mobilizations. Under the regulatory framework including Legal Instruments (L.I) and enactments for public financial management, the public sector accounting system is closely monitored by the Ministry of Finance and Economic Planning in conjunction with the Controller and Accountant-General Department (CAGD), Ghana Audit Service among other public

sector accounting stakeholders. In ensuring the achievement of public financial management objectives and strong control mechanisms in government expenditure, the adoption of an accounting and financial management IT system was required. This led to the adoption of Ghana Integrated Financial Management System (GIFMIS) deployed to MDAs and MMDAs to account for budgetary appropriations on the Consolidated Fund. This financial management system integrates each unit of the central government and local government as well as public business enterprises that depend on budgetary appropriations (Cardoso *et al.*, 2014). The system also integrates budgeting, financial accounting and reporting. Following these developments, a more rigorous accounting framework was required to supplant the modified accrual basis used in the public sector. Recommendations were, therefore, made by the CAGD, ICAG and Ghana Audit Service for the adoption of New Public Management reforms in public sector accountancy; more specifically, the adoption of accrual basis IPSAS.

4.2 Overview of modified or cash accounting basis and Motivations for adoption NPM reforms.

Limitations regarding the use of modified accrual basis of accounting coupled with the objective to achieve accountability and transparency in public sector have motivated the adoption of accrual basis IPSAS.

4.2.1 Recognition and measurement

The modified cash accounting constitutes the basis for preparation of general purpose financial statements in the public sector. Historically, financial accounting under this

public sector accounting model is based on cash commitments and not on accruals (Cardoso *et al.*, 2014). The focus of this model is also not necessarily to capture infrastructure assets such as roads and bridges. The basis of this model thereby is not strong enough to record the effects of depreciation and changes in value unlike the accrual basis IPSAS. As a result, the Government's capital assets in the public domain have not been fully recognized. Also, acquisition or construction of capital assets are accounted for under the budgetary system as capital expenditure and not necessarily as item of property, plant and equipment. Besides, liabilities are partially recognized with other obligations recognized according to the modified or cash basis of accounting. Within the the public sector, annual surplus and deficits are also not based on accruals. Consequently, fiscal monitoring is restricted to the short term (Cardoso *et al.*, 2014). An assistant accountant commented that,

“under accrual base accounting, income and expenditure are recognized as soon as it is probable that there will be an inflow or outflow of resources.....however, the (modified) cash basis only recognizes income and expenditure where actual cash is received or paid”

It can be seen that recognition and measurement of government assets are not in concordance with the recognition and measurement criteria issued by the IPSASB's accrual accounting standards. This motivated the need for the Ghanaian public sector accountancy to migrate from modified cash basis to the adoption of accrual basis IPSAS (GoG, 2015).

4.2.2 Content of financial reports

Financial reports by the governmental accounting model includes budgetary statements and cash reports. Public business units and public institutional systems are required to prepare additional reports such as the statement of financial performance and the statement of position (ICAG, 2010). The actual results are compared with revenue and expenditure projections and appropriations. However, the budget statement does not present any economic forecasts or analysis. It only presents comparative columns of revenues and expenditure (Cardoso *et al.*, 2014). Besides, financial reports do not present non-financial data on service efforts such as performance assessment of human resources usually linked to remuneration schemes. Observably, financial reports are not prepared in accordance with the structure recommended by IPSAS 1 – *Presentation of Financial Statements*, and respective notes to the accounts. The financial reports of the government cannot be called General Purpose Financial Statement in accordance with accrual basis IPSAS since:

- i. recognition and measurement criteria are still tied to budgetary rules; and
- ii. there is no proper consolidation of accounts but an aggregation of balances of similar accounts from the central government to the local government;

The succeeding section, therefore, considers the hierarchical structure of a major stakeholder department and roles of various actors concerning accrual basis IPSAS implementation.

4.3 Roles of Public Sector Accountants

Accounting in the Ghanaian public sector has a variety of accountants also called

officers under a hierarchical staffing structure. The empirical material shows that there are a number of public sector accountants serving under the accounting class of the Ghana Civil Service who have major roles to play in the adoption of accrual basis IPSAS. In relation to this, a senior accounting assistant mentioned that,

“accountants have major roles to play during Ghana’s adoption of IPSAS...”

Officers in the accounting class are grouped into different grades after obtaining entry into each grade, either professional or sub-professional class based on academic qualification and work experience. There are various categories under the professional grade whereby members of each category are required to be chartered accountants with a minimum of five years post qualification experience. For instance, a respondent mentioned that,

“... I am a principal accountant with Controller Accountant General Department and chartered Accountant with ICA of Ghana.....currently with Government Secretarial School”

Another respondent in the professional grade noted that an individual requires,

“degree in accounting and chartered accountant from professional body”

In addition to this, the sub-professional grade of public sector accountants requires a minimum of HND in accounting or degree in accounting as well as professional qualification from an accounting body such as Institute of Chartered Accountants, Ghana (ICAG). The following are excerpts from respondents in the sub-professional grade,

“the person needs to have academic and/or professional qualification in accounting or business”

“one with 1st degree in accounting or professional accounting qualification and perform the duties of accountant.....specifically anyone with a course in accounting or business subjects”

The study finds that the organization responsible these public sector accountants is the Controller and Accountant General Department which is a civil service department under the Ministry of Finance and Economic Planning. These officers, regardless of their grade, play vital roles in the Ghanaian public sector in accordance with the Financial Administration Act (FAA) Act 654, Internal Audit Agency Act (Act 658), Public Procurement Act (Act 663) and other civil service laws and regulations. The tables below (Table 1 and 2) provide a view of the professional and sub-professional categories of public sector accountants under the CAGD and their respective roles that will aid the successful implementation of the New Public Management reforms – Accrual basis IPSAS – in the public sector.

It can be seen from the table that the performance of the various roles of these public sector accountants are consistent with objectives of public sector accountancy outlined by Hood (1991) identified in the literature. Drawing on the Scheme of Service for the accounting class of the Ghana Civil Service, the CAGD *“exists as a Civil Service organization to provide efficient and effective financial management services to the government and public”*. Besides, the roles of officers under each grade are identified with regards to the adoption of Accrual basis IPSAS in the Ghanaian public sector.

4.3.1 Professional grade

Public Sector Officer	Public Financial Management roles in Accrual basis IPSAS adoption.
Controller and Accountant General	<ul style="list-style-type: none"> a. Providing strategic direction for the administration and management of the Controller and Accountant General Department. b. Advising the Minister of Finance and Economic Planning and government on the adoption of Accrual basis IPSAS. c. Developing policies, strategies and accountability procedures for the adoption of Accrual basis IPSAS in financial reporting of MDAs and MMDAs. d. Providing secure custody for moneys payable into the Consolidated Fund and other funds designated under his care and reports thereon according to requirements of Accrual basis IPSAS. e. Ensuring the availability, development and reviews of accounting manual on accrual basis IPSAS in the public sector.
Deputy Controller and Accountant-General	<ul style="list-style-type: none"> a. Providing strategic direction for preparation of financial reports in accordance with accrual basis IPSAS. b. Ensuring that government expenditure from the consolidated fund is well accounted for. c. Leading reviews of financial policies for management of public funds.

	<ul style="list-style-type: none"> d. Reviewing systems and procedures of internal controls for MDAs and MMDAs in the implementation of Accrual basis IPSAS. e. Ensuring the preparation of financial plans and reports according to Accrual basis IPSAS. f. Ensuring monitoring and evaluation of Accrual basis IPSAS in MDAs and MMDAs.
Assistant Controller and Accountant-General	<ul style="list-style-type: none"> a. Providing necessary inputs to enable the Controller Accountant-General advice the Minister of Finance and Economic Planning and government of IPSAS implementation. b. Guiding the development of policies, strategies and accounting procedures enshrined in the Conceptual Framework of IPSAS for MDAs and MMDAs. c. Supervising the implementation of accrual basis IPSAS.
Chief Accountant	<ul style="list-style-type: none"> a. Participating in the development of policies and strategies and accounting procedures for IPSAS implementation in MDAs and MMDAs. b. Ensuring compliance with requirements of IPSAS and corresponding financial laws, accounting instructions and administrative regulations in MDAs and MMDAs. c. Undertaking training programs for staff members.
Principal Accountant	<ul style="list-style-type: none"> a. Managing and administering day

Senior Accountant	<p>to day accounts sections of MDAs and MMDAs in accordance with accrual basis IPSAS.</p> <p>b. Providing advice on IPSAS to the Head of MDAs and MMDAs.</p> <p>c. Maintaining books of accounts and records on the Consolidated fund in MDAs and MMDAs according to accrual basis IPSAS.</p> <p>d. Directing and coordinating activities of accounting officers in MDAs and MMDAs in the implementation of IPSAS.</p>
Accountant Assistant Accountant	<p>a. Keeping proper books of accounts and records on the Consolidated fund in MDAs and MMDAs according to accrual basis IPSAS.</p> <p>b. Initiating preparation of monthly and annual financial reports according to IPSAS requirements.</p> <p>c. Supervising work of subordinates in MDAs and MMDAs.</p> <p>d. Collecting data for preparation and review of financial reports and other accounting documents.</p>

Table 1 Public Sector Professional Officers and their roles in IPSAS implementation

4.3.2 Sub-professional grade

Officer	Public Financial Management roles in Accrual basis IPSAS adoption.
<ul style="list-style-type: none"> - Chief Accounts Technician - Assistant Chief Accounts Technician 	<p>a. Managing sub-professional staff in MDAs and MMDAs.</p> <p>b. Coordinating the recording and analyses of financial data in accordance with accrual basis IPSAS.</p>

	c. Keeping books of accounts and records by sub-professional staff.
- Principal Accounts Technician - Senior Accounts Technician	a. Receiving funds and keeping records of financial transactions. b. Recording and analysis of financial data prepared in accordance with IPSAS. c. Collating data on assets and liabilities according to IPSAS.
- Accounts Technician - Junior Accounts Technician	a. Collecting and collating data financial data. b. Collecting and collating source documents on financial transactions. c. Keeping records on fixed assets register in accordance with recognition and measurement criteria of IPSAS.

Table 2 Sub-professional officers and their roles in IPSAS implementation.

4.4 Stakeholder involvement in accrual basis IPSAS implementation

Aside the roles to be played by these officers in the CAGD, there exist stakeholder groups also mandated by legal framework to ensure adoption of accounting practices that enhance public financial management. These stakeholders also have vital roles to play in Ghana's adoption NPM reforms in the public sector accountancy. A chief accountant stated that,

"the roles to the full adoption of IPSAS is spread to not only accountants alone. Experts such as actuaries and other experts have roles to play in the adoption of IPSAS.....accountancy bodies, who are the main professional bodiessuch as ICAG and accounting firms will be the major implementers of the new IPSAS"

Stakeholder involvement in the implementation of accrual basis IPSAS will enhance the implementation process. Governmental stakeholders such as ICAG, Ghana Audit Service, Ministry of Finance and Economic Planning and external stakeholders such as accounting firms (e.g. PwC, KPMG and Deloitte) have vital roles to play that will facilitate the adoption of accrual basis IPSAS in the public sector by providing staff training programs on the requirements of IPSAS.

The empirical material also suggests that certain institutional pressures from international bodies account for their involvement in Ghana's adoption of accrual basis IPSAS. A principal accountant mentioned that,

"..... I believe is as a result of institutional pressures from international bodies like World Bank and IMF since we depend on them for funding"

Drawing on the theoretical framework discussed in the literature, there is a subtle application of coercive powers of these international organizations for Ghana to adopt accrual basis IPSAS since they believe it enhances accountability, transparency and good governance (Rodrigues & Craig, 2007). These international organizations act as external stakeholders, who though do not overtly mandate public sector adoption of IPSAS, they argue that the adoption of the IPSAS accounting framework demonstrates commitment to accountability, efficiency and transparency (Christiaens *et al.*, 2010).

4.5 Importance of accrual basis IPSAS

The implementation of accrual basis IPSAS by IPSASB as the accounting framework for the Ghanaian public sector accountancy have advantages to public sector financial accounting and reporting as well as certain bottlenecks that may be encountered. The

following are excerpts from respondents on the merits of accrual basis IPSAS adoption:

A senior accountant stated that,

"..... performance tools such as ratios can be used to report performance under IPSAS"

An assistant accountant noted that,

"reporting under accrual basis improves transparency and accountability"

These views are consistent with the propositions of proponents of the adoption of accrual basis IPSAS as a tool to enhance performance assessment, accountability and transparency of civil servants in local authorities and central government departments (Hood, 1991; Heald & Dowdall, 1999; Chan, 2003; Mayston, 1999). They posit that alignment of public sector accounting practices with NPM requirements is required to enhance the use of public funds and provide adequate reckoning on all financial transactions.

4.5.1 Convergence of Public sector accounting standards

The adoption of accrual basis IPSAS will ensure the convergence of Ghana's public sector accounting practices with the other countries that have adopted IPSAS in reporting public sector financial transactions. This can also promote the comparability of performance of public sector organizations among countries that have implemented the accrual basis IPSAS. A chief accountant commented that,

"one purpose of IPSAS is to promote comparability of financial reports in the public sector from various jurisdictions"

This is consistent with the the views of Adhikari & Mellemvik (2010) who stated that adoption of accrual basis IPSAS will enhance convergence of public sector accounting practices. This convergence will enable countries to benefit from public financial management, external reporting, public sector budgeting, auditing and evaluation, and accountability and governance practices of other countries who have implemented the accrual basis IPSAS (Vivian & Maroun, 2018; Broadbent & Guthrie, 2008).

4.5.2 The challenge of Accrual basis IPSAS implementation

Implementing accrual basis IPSAS in the central and local government demand certain infrastructure that are hinged on incurring significant costs. Besides, the complexity in the application of accrual basis IPSAS in the preparation of financial reports may demand the involvement of private stakeholder groups which will increase costs of implementation. A senior accountant stated that,

“.....during the adoption of IPSAS, there is no doubt that there will be resistance from the implementers..... the finance cost involved will be high and the use of a common software as a window to capture data from every department and unit from every constituency in the country may be a challenge”

Evidently, the adoption of accrual basis IPSAS to prepare general purpose financial statements based on data collected and collated by the GIFMIS may attract certain costs. Engaging technical experts to assist in this integration process may also attract significant costs.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter provides a summary of the findings of the entire study. It discusses the conclusion of the study and provides recommendations towards the adoption NPM reforms in public sector accountancy. The chapter is, thus, structured as follows:

- Summary of key findings and Conclusions;
- Roles of Public sector accountants;
- Conclusion; and
- Recommendations.

5.1 Summary of key findings and Conclusions

5.1.1 The Ghanaian Public Sector Accountancy

The Ghanaian public sector comprises of the central government and local authorities as well as public institutional systems and public business enterprises. Following the financial management objective to ensure efficiency and effectiveness in the utilization of public funds, the study finds that there is the need for public sector accounting to adopt a more rigorous accounting framework. This is to thoroughly account for the use of grants and government taxes in MDAs and MMDAs. The study indicates that the Ghanaian public sector accounting model, thus, the modified cash basis of accounting in recognition and measurement of governmental income and expenditure. The study also identifies the adoption of GIFMIS as an IT system that integrates the central

government and local government as well as PBEs that rely on budgetary appropriations. Following these developments, the study finds that recommendations were made by stakeholders such as CAGD, ICAG and Ghana Audit Service for the adoption of accrual basis IPSAS.

5.1.2 Modified or cash accounting basis and Motivations for adoption for NPM reforms

The study finds that inability of the modified or cash basis of accounting to properly recognize and measure government assets and fully report on liabilities have motivated the adoption of accrual basis IPSAS in the Ghanaian public sector accountancy. Also, the content of financial reports does not present any economic forecasts or analysis since these reports comprise budgetary statement and cash reports. Besides, other non-financial information such as performance assessment of human resources usually linked to remuneration schemes are not disclosed by the modified or cash basis of accounting. The study indicates that financial reports are, therefore, not prepared in accordance with the structure recommended by IPSAS 1 – *Presentation of Financial Statements*, and respective notes to the accounts. Moreover, financial reports are not referred to as general purpose financial statement since recognition and measurement criteria are still tied to budgetary rules and there is no proper consolidation of accounts but an aggregation of balances of similar accounts from both the central government and local authorities.

5.2 Roles of Public sector accountants

The study identifies public sector accountants in the accounting class of Ghana Civil Service composed of officers in the Controller and Accountant-General Department and

their respective roles to ensure the successful implementation of accrual basis IPSAS. The study also states that these officers regardless of their rank have vital roles in the Ghanaian public sector accountancy in accordance with regulatory framework such as the Financial Administration Act (FAA) Act 654, Internal Audit Agency Act (Act 658), Public Procurement Act (Act 663) and other laws and regulations.

5.2.1 Stakeholder involvement in accrual basis IPSAS implementation

Aside the roles to be played by officers of the accounting class of Ghana Civil Service, the study finds that stakeholders such as ICAG, Ghana Audit Service, Ministry of Finance and Economic Planning and other governmental stakeholders have vital roles to facilitate the public sector's adoption of IPSAS. Also, other external stakeholders comprising accounting firms such as KPMG, PwC and Deloitte can be engaged to provide training services for public sector accounting staff. Again, the study finds that there exist international organizations such as World Bank, IMF and UN who act as external stakeholders and exert subtle pressures on governments to adopt accrual basis IPSAS.

5.2.2 Importance of accrual basis IPSAS implementation

The study finds that the adoption of accrual basis will enhance performance assessment, accountability and transparency of public sector organizations. The study also shows that the public sector's adoption of IPSAS contribute to global convergence of public sector accounting standards. The convergence of public sector accounting standards will enable countries to benefit from public financial management, external reporting, public sector budgeting, auditing and evaluation, and accountability and governance practices of other countries who have implemented the accrual basis IPSAS.

5.3 Conclusion

The findings of the study have certain implications for the Ghanaian public sector accountancy. First, the public sector should migrate towards the adoption of accrual basis of IPSAS due to the inability of the current modified or cash basis of accounting to present General Purpose Financial Statements of the use of public funds. This will improve public sector accountability, performance assessment and transparency (Hood, 1991; Heald & Dowdall, 1999; Chan, 2003; Mayston, 1999)

Second, there is the need for participation of governmental stakeholders and external stakeholders to enhance the adoption of accrual basis IPSAS in the public sector accountancy. These stakeholders will help facilitate the adoption of IPSAS in the public sector.

Finally, the members of the accounting class of the Ghana Civil Service have important roles to play in implementing accrual basis IPSAS in the public sector. Both members belonging to the professional and Sub-professional grades under the CAGD have vital roles to ensure the successful implementation of IPSAS which hinges on NPM reforms in public sector accountancy.

5.4 Recommendations

This section provides a number of recommendations relevant to the adoption of accrual basis IPSAS in the public sector. These recommendations include:

First, the government in collaboration with stakeholder groups such as accounting firms should create the required technical support system that will train members of the accounting class of Ghana Civil Service on the requirements of accrual basis IPSAS to

aid its implementation in MDAs and MMDAs. Due to the complexity in the application of accrual basis IPSAS in public sector reporting, it follows that public sector accountants need the required training to properly apply the requirements of IPSAS in reporting on financial transactions of MDAs and MMDAs.

Second, these stakeholder groups should be engaged to provide technical support in the integration of accrual basis IPSAS with the GIFMIS to prepare general purpose financial statements. These stakeholders thereby have a facilitatory role to be executed in the implementation of IPSAS in the public sector.

Third, having considered the roles of public sector accountants under the accounting class of Ghana Civil Service, future studies can explore how the involvement of external stakeholder groups and their required roles can enhance the adoption of accrual basis IPSAS in the public sector.

These recommendations will complement the roles to be played by public sector accountants and other stakeholder groups such as the Ministry of Finance and Economic Planning, ICAG, Ghana Audit Service among other stakeholders in the adoption of accrual basis IPSAS in the public sector.

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