
The Role of Accounting Information System (AIS) in the Public Sector Budgetary Decision-Making Processes: Evidence from Bangladesh

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Abstract:

Purpose: This study explores the role of Accounting Information Systems (AIS) in public-sector decision-making processes within the context of Bangladesh. The study has three primary objectives: to examine the role of AIS in budget planning, approval, and implementation.

Design/Methodology/Approach: This study adopts an exploratory approach, collecting data from both primary and secondary sources. The objectives were logically addressed using evidence to analyze the role of AIS based on an input-output framework.

Findings: The study revealed that the Accounting Information System (AIS) alone is not sufficient for an effective budgetary process. Budget planning is influenced by the strategic goals of ministries and political agendas. In contrast, the budget approval process is formal, legal, and largely routine. Notably, the use of AIS, particularly through the IBAS++ system, streamlines the process and minimizes time delays. However, the implementation process remains problematic due to significant variances between actual and budgeted outcomes.

Practical Implications: The study highlights that budgets in state government policies are often used symbolically rather than instrumentally, primarily due to political affiliations. Modernizing the Accounting Information System (AIS) in public sector financial management can enhance accounting accuracy, accountability, and governance, particularly in developing economies like Bangladesh.

Originality/Value: The effective use of information technology enhances service quality, streamlines administrative processes, reduces delays, minimizes budget variances, and improves public service delivery. While service quality in the public sector is not fully satisfactory, there is significant potential for advancing technology and ensuring its proper utilization in public services. This study contributes to the existing literature and opens avenues for future research. However, its scope is limited by the unavailability of secondary data and restricted access to government officials for in-depth interviews.

Keywords: Accounting Information System (AIS), budgetary decision, public sector, financial management.

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Paper type: Research article.

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1. Introduction

To enhance public financial management, including budget management and decisions, relieve fiduciary responsibilities, and organize financial reports for ministries, board agencies, and other government agencies (Baker and Powell, 2009; Din *et al.*, 2021), government agencies in the majority of developing countries have developed computerized accounting information systems.

Information systems may assist corporations in achieving organizational objectives, maintaining internal control, and enhancing corporate accountability in public institutions. This is an example of how information systems are advantageous in various areas, including financial management, public governance, and fiduciary risk management.

Information technology (IT) in the public sector has aided in modernizing administrative processes in counter-service operations, project management, accounting, and finance. It is thought that efficient IT utilization will enhance service quality and productivity in the public sector, which now offers mediocre services. The development of the government accounting system benefits the government in several additional ways, making it possible to record and report program operations in financial reports accurately.

An organizational entity can flourish only if it can carry out technology development (Donelson *et al.*, 2017). Regional management improves internal control and enhances the government accounting system (Trofimova *et al.*, 2019). A sound accounting information system, institution, or organization may increase its value by improving quality and efficiency, particularly regarding supply chain effectiveness and efficiency, internal control mechanisms, and decision-making.

The study's results also showed that the decision to estimate and collect funds from outside sources and approve the budget strongly relied on utilizing accounting data as a rationale.

2. Objective of the Study

Several studies evidenced the use of accounting information by understanding why it is used, how it is used, what factors influence information use, and its impacts on public sector decision-making. The objectives of this study are to:

- a) To examine the role of AIS in budget planning,
- b) To show the position of AIS in Budget Approval,
- c) To find the role of AIS in budget Implementation,
- d) To show the perspective of the budget used in the decision-making process.

3. Public Sector Accounting Information Systems for Budgetary Process in Bangladesh

Accounting information may be used to quantify and convey economic events (Collier 2003; 2006; 2010; 2012). Hirst (1981), Askim (2007), Moynihan and Pandey (2009), and Proeller *et al.* (2010) are among the scholars who see accounting information as a part of performance data that includes a monetary form. The two types of accounting data are financial and management accounting information (Drury, 1996; Collier, 2003; 2006; 2010; 2012). For this study, both types of accounting information are taken into consideration.

On the other hand, the availability of management accounting information enables internal users to adapt their behavior to keep attaining their goals in the face of external and internal changes (Otley *et al.*, 1995; Drury, 1996). One of the primary purposes of management accounting information derived from budgets and other management reports is to support managerial decision-making about the organization's future and to direct the implementation of their decisions to maximize financial advantages (Otley *et al.*, 1995).

Anthony (1965; 1988) split managerial decision-making and control activities into three categories: strategic planning, management control, and operational control. Anthony argued that most managers would primarily focus on one kind of activity. To make strategic and monitoring decisions, such as approving budgets and contracts, political actors (councilors) and administrative actors (executive officials and head of departments of councils in LGAs) are expected to use both financial and managerial (more of the former and less of the latter) accounting information (Alijarde, 1997).

When making operational decisions, such as those involving specific budgeting preparations like revenue estimations and budget executions, the operation managers of the LGAs' departments, including economists, accountants, and human resource officers, are anticipated to use more managerial and less financial accounting information (Alijarde, 1997). Accounting information can be produced using either a cash-based or an accrual-based accounting reporting system (Matheson, 2002; Adhikari and Mellemvik, 2011).

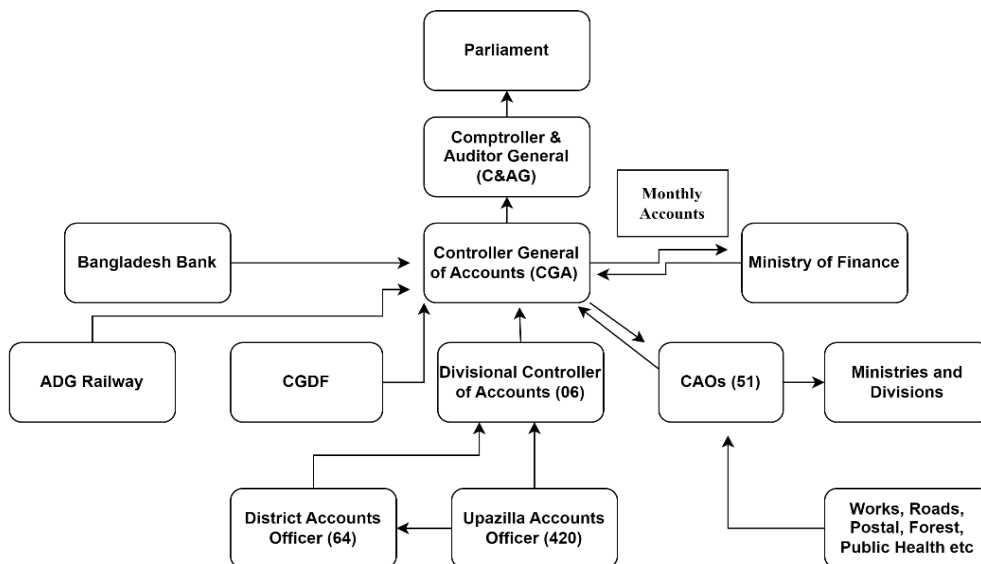
According to Adhikari and Mellemvik (2011), cash-based accounting records financial transactions as they happen, regardless of when the goods and services are produced or acquired. The traditional style of accounting known as cash-based accounting excludes assets, depreciation, liabilities, public debt, and future benefits of assets from the financial statements data. According to Tudor and Mutiu (1990) and Adhikari and Mellemvik (2011), this might imply a false impression of how the activity is conducted.

However, when making judgments, information from cash-based accounting is straightforward to understand and implement (Tudor and Mutiu, 1990; Adhikari and Mellemvik, 2011). Switching to cash basis, IPSAS can improve cash basis accounting systems in the public sector of developing nations, according to Adhikari and Mellemvik's (2011) research. The government did this briefly to correct the systems' flaws and be ready for the future implementation of accrual basis accounting systems. Compared to conventional cash basis accounting systems, accrual-basis accounting systems are more precise but not as accurate as cash basis IPSAS, which is based on exacting accounting rules.

The three essential elements in the budget process are budget, approval, and execution (Joyce and Sieg, 2000; Hogue, 2002). LGAs may use accounting information to influence budget choices such as resource allocation and distribution for economic growth and borrowing decisions. Accounting information systems provide financial and quantitative data to all departments and external stakeholders. As a result, the terms accounting and information systems overlap in the phrase accounting information systems. As a result, research into AISs is sometimes viewed as research into computerized accounting systems.

However, given we cannot describe an AIS by its size, it is preferable to define an AIS by what it does. The following definition is based on the latter tactic: "An accounting information system is a collection of data and processing techniques that generates the information its customers require." The following interrelated actions are carried out by the Accounting Information System of Bangladesh's public sector financial management in a methodical manner:

Figure 1. Flow of Accounting Data



Source: Own study.

During the initial phase of the budget cycle, the departments/agencies, ministries, and ultimately, the Ministry of Finance draft the budget. The first step in this area's operations is to create a budget circular that outlines the sectoral allocations and ceilings compatible with the macroeconomic framework, the economic outlook, the overarching policy goals, and how the budget is expected to achieve those goals.

The next step is the preparation and analysis of expenditure proposals and revenue forecasts from line agencies, which are then combined into an annual budget document after a series of discussions between line ministries, the MOF, the parliamentary budgetary committees, and legislative approval. The discussions focus on the best method to fit the budgetary proposals within the overall budgetary envelope, the relative priorities of the various proposals, the integrity of the resource requirements specified in these proposals, and how the budget proposals will meet the policy goals listed in the budget circular.

4. Literature Review

There is a shortage of research evidence on the role of the Accounting Information System in the Budget Decision Making Process in the South Asian Region.

The Statement of Governmental Accounting Standards (2005) states that financial reporting aims to provide users with pertinent data so they may use the reports as a basis for accountability assessments and enhance economic, social, and political decision-making. Accounting is essential for fostering public services' accountability, efficacy, and efficiency, claim Muda *et al.* Management will be better equipped to identify and respond to organizational changes immediately and accurately with more information. The IPSASB statement (2013) supports the same, which contends that inadequate financial data support the government's resource allocation as being insufficient.

According to several experts, there is a significant link between company success and the quality of financial reporting (Pneman and Zhang, 2002; Richardson *et al.*, 2001). The audit opinion and timely submission of financial reports are also shown to greatly enhance the financial performance of local governments (Bell *et al.*, 2018; Muda *et al.*, 2018). Since the 1980s, the public sector has been evolving worldwide under the auspices of the New Public Management, or NPM (World Bank, 2008).

Despite NPM's criticisms, altering the government's accounting system remains vital to public sector reforms. Before being adopted on a global scale by supranational organizations and bodies like the World Bank, the International Monetary Fund (IMF), and the Organization for Economic Co-operation and Development (OECD), the government accounting reforms were built on the Anglo-American administrative culture model (Galera and Bolivar, 2007). The adjustments included implementing accounting procedures from the private sector that were believed to increase efficiency to various public sector organizations.

Traditional accounting methods were modified, including cash-based accounting planning and reporting systems. According to Guthrie, Olson, and Humphrey (1999), Galera and Bolivar (2007), Christensen *et al.* (2010), comprehensive costing, performance measurement, performance auditing, and accrual-based budgeting and financial reporting are among the accounting methodologies. The cornerstone of the public sector accounting reforms has been adopting accrual-based accounting (Pessina *et al.*, 2008).

The degree of effectiveness that may be obtained by instrumental, intellectual, and symbolic use is seen from many angles. Instrumental and conceptual use is believed to boost organizational efficiency because it involves the direct and indirect use of information for future decision-making, enables information to be translated into significant practical actions, and provides managers with a platform to learn more about how the organization operates (Philemon, 2010; Vyas and Souchon, 2003; Kurunmaki *et al.*, 2003; Amara *et al.*, 2004).

Numerous research on the use of information, such as Diamantopoulos and Souchon (1999) and Kurunmaki *et al.* (2003), discovered a link between an organization's operational performance and the efficient use of information for instrumental objectives. On the other hand, actors' use of knowledge for political purposes rather than to increase organizational effectiveness is perceived as negatively impacting symbolic use and, hence, organizational effectiveness.

Information may be twisted, oversimplified, and frequently acquired through symbols to support preset decisions. For instance, there are differences between Brunsson (1989) and Kurunmaki *et al.* (2003) about the symbolic application of accounting data to budget decisions. They contend that while preparing and approving budget decisions is the public organization's primary duty, activities have only a tenuous connection to budget choices and that accounting reports and information can be produced for this purpose (Brunsson, 1989; Kurunmaki, Melia, and Lapsley, 2003).

Policymakers may discuss the need for budget cuts, but this discussion has little impact on the reality of actual expenditure (Brunsson, 1989; Kurunmaki, Melia, and Lapsley, 2003). Therefore, according to a study by Diamantopoulos and Souchon (1999), symbolic use is adversely connected with an organization's success.

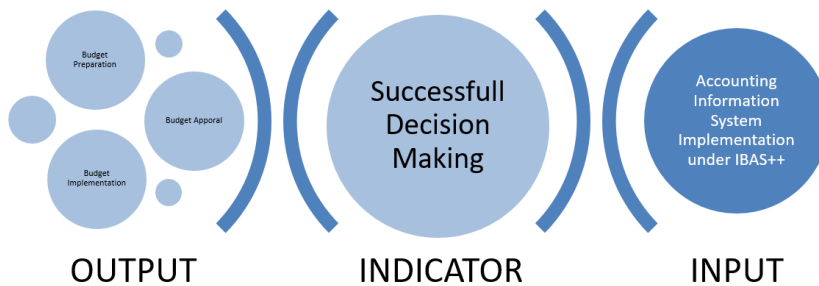
Kurunmaki *et al.* (2003) contend that institutional pressure is to blame for the public sector's symbolic use of accounting data, driven more by gaining legitimacy than efficiency concerns. By producing useful accounting data, accounting changes will primarily increase decision-making efficacy. However, others contend that public sector organizations' adoption of accounting innovations in developing countries is driven more by a need for financial credibility than by a desire to increase organizational performance (Mkasiwa, 2011; Adhikari and Mellemvik, 2011; Tambulasi, 2007; Sarker, 2006).

5. Research Methodology

The nature of the study is exploratory and will reveal the facts in the public sector budgetary system. The study collected primary and secondary data from different sources related to the budgetary system of Bangladesh. The study considers iBAS++ as a Public Sector Accounting Information System that will accelerate budgetary decision-making.

We limit our study to a budget process covering budget planning, approval, and implementation. We also consider Rainey's (2010) decision-making approaches in public sector Accounting: (i) rational decision, (ii) contingency perspective decision, (iii) Incremental decision, and (iv) The garbage can model decision. Rationalizing the input-output variables, we have developed the model of study that is given below:

Figure 2. Research Model.



Source: Authors' construction,

6. Analysis and Findings

The study analyzed and interpreted the results based on the core objectives of the research. Therefore, the main part of the analysis and findings is shown under three (3) broad parts: Budget Preparation, Budget Approval and Budget Implementation. The last section of this part explains the use and usability of budget in our National development and how the Accounting Information system supports it.

6.1 Budget Preparation

The budget shows the forthcoming income and expenditure of the government for a fiscal year. In Bangladesh, the budget year starts on July 1 and ends on June 30 of a calendar year. In preparing the government Budget, several strategies are considered in resource mobilization, revenue collection, and utilization of public money in the line of political commitment, economic development, and bureaucratic decisions. The budget ensures the accountability and transparency of the government. According to the Open Budget Index (OBI), Bangladesh has gradually transformed into a non-transparent budgetary system.

Table 1. Voice and Accountability (Open Budget Index)

Year	Afghanistan	Bangladesh	India	Nepal	Pakistan	Sri Lanka
2005	-	0.39	0.53	0.36	0.51	0.47
2007	0.08	0.42	0.60	0.43	0.38	0.64
2009	0.21	0.48	0.67	0.45	0.38	0.67
2011	0.59	0.58	0.68	0.44	0.58	0.46
2015	0.42	0.56	0.46	0.24	0.43	0.39
2017	0.49	0.41	0.48	0.52	0.44	0.44
2019	0.50	0.36	0.49	0.41	0.28	0.47
2021	0.43	0.30	0.37	0.39	0.46	0.30

Source: www.internationalbudget.org.

It was found that Bangladesh attained the highest score in 2011 and the lowest score in 2021. Among the South-Asian region, budget transparency drastically improved in Afghanistan, and the lowest scorer is Bangladesh and Sri Lanka.

The most critical fact in preparing the national budget is the determination of the total size of the budget. The Budget Management Committee determines the size of the budget based on the revenue and development budgets. The size of the budget and ADP budget are given below:

Table 2. National Budget Size

Year	Finance Minister	Size of the Budget (In Crore Taka)	ADP (In Crore Taka)
1972-73	Tajuddin Ahmed	786	501
1973-74	Tajuddin Ahmed	995	525
1974-75	Tajuddin Ahmed	1,084	525
1975-76	Dr Azizur Rahman Mollik	1,549	950
1976-77	Maj Gen Ziaur Rahman	1,989	1,222
1977-78	Lt Gen Ziaur Rahman	2,184	1,278
1978-79	President Ziaur Rahman	2,499	1,446
1979-80	Dr M N Huda	3,317	2,123
1980-81	M Saifur Rahman	4,108	2,700
1981-82	M Saifur Rahman	4,677	3,015
1982-83	A M A Muhith	4,738	2,700
1983-84	A M A Muhith	5,896	3,483
1984-85	M Sayeduzzaman	6,699	3,896
1985-86	M Sayeduzzaman	7,138	3,825
1986-87	M Sayeduzzaman	8,504	4,764
1987-88	M Sayeduzzaman	8,527	5,046
1988-89	Maj Gen Munim	10,565	5,315
1989-90	Dr Wahidul Haq	12,703	5,803
1990-91	Maj Gen Munim	12,960	5,668
1991-92	M Saifur Rahman	15,584	7,500
1992-93	M Saifur Rahman	17,607	9,057
1993-94	M Saifur Rahman	19,050	9,750
1994-95	M Saifur Rahman	20,948	11,000

1995-96	M Saifur Rahman	23,170	12,100
1996-97	SAMS Kibria	24,603	12,500
1997-98	SAMS Kibria	27,786	12,800
1998-99	SAMS Kibria	29,537	13,600
1999-00	SAMS Kibria	34,252	12,477
2000-01	SAMS Kibria	38,524	17,500
2001-02	SAMS Kibria	42,306	19,000
2002-03	M Saifur Rahman	44,854	19,200
2003-04	M Saifur Rahman	51,980	20,300
2004-05	M Saifur Rahman	57,248	22,000
2005-06	M Saifur Rahman	61,058	23,626
2006-07	M Saifur Rahman	69,740	26,000
2007-08	Mirza Azizul Islam	99,962	25,600
2008-09	Mirza Azizul Islam	99,962	25,400
2009-10	AMA Muhith	113,815	28,500
2010-11	AMA Muhith	132,170	35,130
2011-12	AMA Muhith	161,214	41,080
2012-13	AMA Muhith	191,738	52,366
2013-14	AMA Muhith	222,491	60,000
2014-15	AMA Muhith	250,560	75,000
2015-16	AMA Muhith	295,100	93,894
2016-17	AMA Muhith	340,605	1,10,700
2017-18	AMA Muhith	4,00,266	1,48,381
2018-19	AMA Muhith	4,64,573	1,73,000
2019-20	AHM Mustafa Kamal	5,23,190	2,02,721
2020-21	AHM Mustafa Kamal	5,68,000	2,05,145
2021-22	AHM Mustafa Kamal	6,03,681	2,25,324
2022-23	AHM Mustafa Kamal	6,78,000	2,46,000

Source: The Daily Star (January 22, 2023).

There is steady growth in budget size and ADP from 1972 to 2023. The budget preparation procedure has changed to align with the budget size. The top-down process changed to bottom-up, and budget size are determined based on the strategic goals.

In April 2009, the Medium-Term Budgetary Framework (MTBF) was introduced to ensure accountability in development projects. Under MTBF, a well-organized accounting system called the Budget and Accounting Classification System (BACS) has been developed. Furthermore, the government parallelly introduced an integrated Budget and Accounting System (iBAS++) for strengthening the Accounting Information System (AIS) within the government agencies.

The Ministry of Finance is mainly responsible for preparing and placing the budget before the parliament. Three (3) divisions are involved: the Finance Division, Economic Relations Division, and Internal Resources Division (National Board of Revenue).

6.2 Budget Approval

Budget approval is a legislative, rigorous, and systematic process under the Constitution's specified rules. The Constitution of the People's Republic of Bangladesh (Act of 1972) consists of the Legislature in Part V in Chapter II: Legislative and Financial Procedures under Sections 81 to 92. In June, the finance minister presented the budget to the legislature. It follows a two-part introduction speech known as the Budget Speech.

The country's general financial and economic situation is covered in Part I, along with government economic performance during the previous year, goals and programs, and budgetary allocation. Taxation policies are discussed in Part II. Money, supplemental, and appropriation bills are presented to the parliament following budget deliberations. A vote on the account bill must be submitted to the parliament if the appropriation bill cannot be passed by June 30. Typically, two months' worth of expenses are approved through this bill.

The preparation of the revenue budget is a multi-step procedure carried out according to a timetable. Printed departmental estimates come first, then budget forms (Estimating Officer's forms) are printed and sent to the pertinent accounts officers, who fill them with estimates from all controlling offices and transmit consolidated estimates to the Ministry of Finance.

After reviewing the estimates, the Ministry of Finance receives the schedule of new expenditures and data on the actual expenditures made by agencies and organizations over the previous six months, reviews the new estimates in light of this data, and then drafts the budget and the schedule of new expenditures. The ministry also obtains projections from the ministry of planning for international aid and development programs, makes the appropriate modifications, and then prepares the budget documents for presentation to the Parliament (Jatiya Sangsad) for consideration and approval.

The development budget of the Bangladeshi government is the outcome of a continual process of project identification, project concept paper (PCP) evaluation, and project vetting in ministries and by the Executive Committee of the National Economic Council (ECNEC). The Economic Relations Division (ERD) drafts the aid memorandum by December, distributes it to the ministries for feedback, and then revises it in light of the National Board of revenue's and the Internal Resources Division's predictions of domestic resources.

The Cabinet is then asked to approve the document. After estimating the resource position for income, expenditure, and budget, the programming committee determines which projects are qualified for inclusion in the yearly development program (ADP). ADP is the budget for development, which, like the budget for revenues, must be approved by parliament.

6.3 Budget Implementation

The procedure moves on to the next phase once the budget has been passed into law. The ways governments control and monitor expenditures to ensure that budgets are followed vary greatly. In certain instances, the Treasury (Finance Ministry) possesses significant central control over spending, scrutinizing departmental budget allocations and authorizing significant outlays. Where departments are more autonomous, treasuries will keep an eye on spending by, for instance, mandating that each department provide frequent reports on its spending.

Budgets are not always executed exactly as they were approved; funding levels are not followed, and the allocated money is not always used for what they were authorized for. Concerns emerge when significant variations between the allocated and actual budgets cannot be justified as representing sound policy. Deviations might result from deliberate policy decisions or as a response to shifting economic conditions. While these incidents may result from blatant executive misconduct, they may also result from a flawed budget system and technological issues that make it hard for the executive to implement the budget by the law.

For instance, the intended uses of certain monies may not be clearly stated in the budget, and inadequate reporting systems may make it difficult for the executive to get the information required to track spending. The executive ministries, affiliated agencies, and subordinate offices are typically responsible for carrying out the budget after the parliament approves it. As chief accounting officer, the secretary of the relevant ministry or division maintains fiscal and budgetary discipline under his purview.

However, the Ministry of Finance's Finance division bears overall accountability. In Bangladesh, the Controller General of Accounts (CGA) is vital to overseeing and reporting the nation's budget. The CGA office uploads data about the budget from the Finance Division database. Each month, it delivers these statistics and financial information from the district and thana offices to the corresponding Chief Accounting Officers (CAOs).

The CAOs of all secretaries provide them with periodic management reports. The CGA sends monthly reports on expenditures to the Finance Division. These reports are examined by a recently created Financial Information Monitoring Unit. Until mid-year, when they are asked to provide their supplemental projections, individual ministries and divisions compare them to the budget.

The fiscal reporting system does not provide information for managing the Government's cash and debt position, keeping track of expenditures about appropriations, or providing analysis to aid in policy formulation and performance measurement. It also does not adequately monitor the fiscal deficit and its financing.

The budget trends show that the government could not properly execute the budget since 2008-2009. Since then, the execution rate peaked in 2010–2011 at 97% and has been stuck at approximately 80% in recent years. Local think tanks and global development partners always question the validity of the budget objectives.

The goals for public spending have continuously fallen short and have occupied a percentage of the budget between 80% and 85%. In 2023, the government already had to reduce the funding from the initial plan of Tk 603,681 crore to Tk 593,500 crore due to poor implementation, a loss of 1.69 percent (The Daily Star, 23 January 2023).

The government intends to provide a Tk 677,874 crore budget for the upcoming fiscal year, 12% more than the current budget. The World Bank also raised the trust issue in its Bangladesh Development Update last month.

“Budget credibility remains a challenge. The gap between the original and executed budgets has grown substantially in recent years.” World Bank (2023).

The study found that the actual spending from the budget was only 70.3% of the revenue and 80.3% of the expenses in FY2020. In the most recent fiscal year, the National Board of Revenue (NBR) slightly exceeded its initial Tk 325,600 crore by collecting 80% of its target of Tk 330,000 crore in taxes.

Figure 3. Tax target and actual collection.



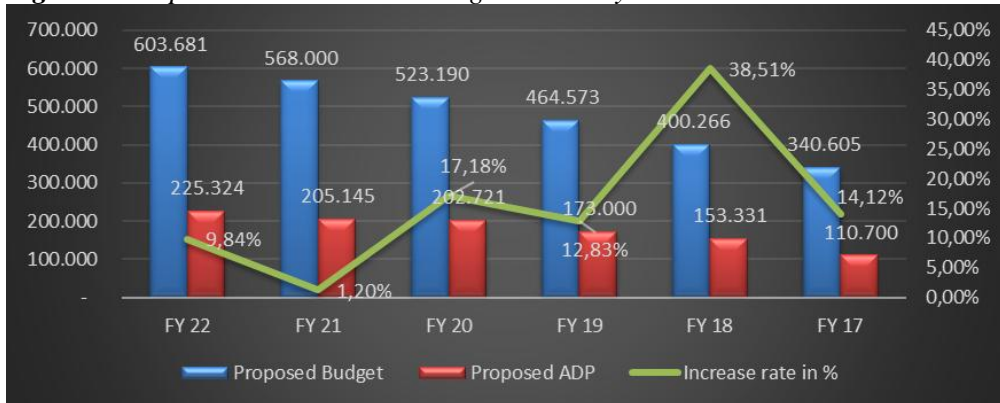
Source: MOF and NBR (2023).

The NBR's objective for tax revenue collection for 2021–22 is still Tk. 330,000 crore. According to the Ministry of Finance figures, tax collectors collected 53% of the intended amount in the fiscal year's first half.

The Annual Development Program's (ADP actual) implementation rate, between FY2011 and FY2021, averaged 85% and has fallen short of the target for the last ten years. According to the Ministry of Planning statistics, state-run organizations increased ADP implementation by 5% to 80% in FY2021. They completed 45.5% of

the initial Tk 237,693 crore allocation from July to March in FY22. The government has reduced the ADP budget for the current fiscal year by 9% to Tk 217,175 crore due to the slow progress of development projects.

Figure 4. Proposed total and ADP Budget over the years.



Source: MOF and CPD (2022).

Figure 5. Budget Implementation Rate (%).



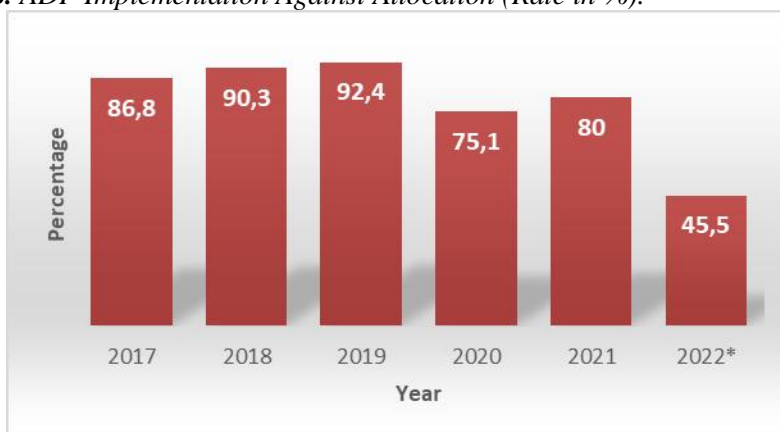
Source: MOF (2022).

The amount spent on development in Bangladesh often increases at the end of a fiscal year because issued checks are used to discharge funds quickly. As a result, the quality of development expenditure diminishes. Due to this poor public fund management, Minimal revenue collection, little ability for execution, and low spending have become a vicious cycle for the budget.

Past researchers and developing partners have identified some factors hindering the budget implementation performance in Bangladesh. The elements are the lower revenue collection in terms of GDP, the lowest in Bangladesh, the slower spending trend in the fiscal year's first half, and the state agencies' weak implementation

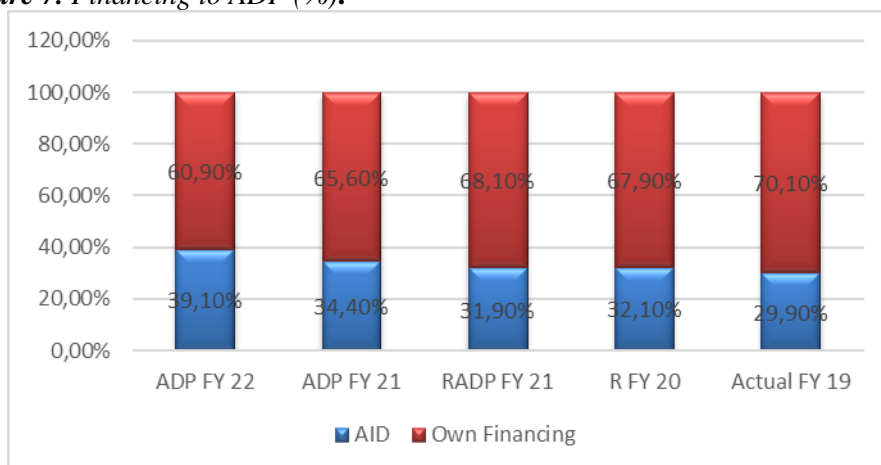
capacity. Besides these, fierce opposition by the stakeholders to reform the tax policy, longer implementation schedules of big projects, and higher targets set for revenue collection are also causing problems for Budget development and implementation in Bangladesh.

Figure 6. ADP Implementation Against Allocation (Rate in %).



Source: MOP (2022).

Figure 7. Financing to ADP (%).



Source: MOP (2022).

We can characterize the budget adoption and implementation process in the following ways: The budget/GDP ratio is low compared to other neighboring countries, and the annual Budget and ADP implementation rate is an average of 80%. Dependence on local financing for ADP is increasing, and big Projects have not been implemented on time. As a result, the cost of those projects increased over the years.

7. Conclusion

The public sector, generally called the government sector, is essential to socioeconomic growth (Schacter, 2000). The creation of budgets is one of the most significant tasks the public sector performs. However, complicated and competitive pressures are a feature of these budget decision-making processes (Boyne, 2002).

According to Gildenhuis (1997) and Hogue (2002), the public sector budget is a political document that allocates money based on value judgments. As a result, budgeting is a political activity carried out in a political setting. Budget creation, approval, and implementation are the three steps that make up the budget process (Joyce and Sieg, 2000; Hogue, 2002). Accounting significantly contributes to this process by offering data and facilitating effective decision-making.

Globally, since the 1980s, the public sector has undergone reforms under the New Public Management or NPM (World Bank, 2008). Public sector reforms aim to eliminate bureaucratic obstacles and allow managers to use their resources more effectively. Accounting has been a vital aspect of developing public fund management as autonomy in public service organizations has grown.

Bangladesh has also taken many initiatives to reform its financial management activities. Over time, it has agreed to use cash-based IPSAS in recording and preparing government accounts. In alignment with this, the government of Bangladesh has introduced 56-digit chart of accounts under the new BACS and the iBAS++, which help to integrate the Bangladesh budget and accounting system.

The government can use the accounting data either as instrumental-conceptual or symbolic to show the budget's effectiveness. Instrumental-conceptual use of accounting data helps to improve an organization's budget effectiveness and external financial legitimacy.

However, the symbolic use of accounting data reduces the organization's budget effectiveness and real external financial legitimacy while boosting its claimed external financial legitimacy. When the instrumental-conceptual use of accounting information occurs rather than the symbolic legitimating use of accounting information, the high financial legitimacy achieved might signify good budget efficiency.

The study reveals that the initiatives taken by the government to improve the public financial management practice, especially the iBAS++, have contributed a lot to developing the information system among the different organs of the government and have accelerated access to information to make the budget implementation process faster. However, the budget implementation rate is still not up to the mark, as Bangladesh could not implement more than 80% of its planned budget over the last few years. As per OBI's findings, the Budget system's transparency has

transmitted gradually to a non-transparent budgetary system. One of the primary reasons for such non-transparency is that the government might propose an inflated budget to use as symbolic legitimating rather than for instrumental-conceptual purposes.

This study proposes to undertake some initiatives such as forecasting accurate revenue and expenditures, setting a realistic annual target based on actual accounting data, reforming tax policies, and accelerating the implementation of mega projects so that the benefits of the budget can reach the doorsteps of every citizen of Bangladesh.

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