Conformity of Accounting Practices with International Standards in the Local Government of Bangladesh

A Thesis Submitted to the Department of Accounting, Faculty of Business Studies, University of Dhaka, for the Degree of Doctor of Philosophy.

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Dedication

The thesis is dedicated to my father, Ajoy Kanti Saha.

I wish I could show him my achievements …

Declaration of PhD Candidate

I affirm that the doctoral study titled "**Conformity of Accounting Practices with International Standards in the Local Government of Bangladesh**" was conducted under the supervision of Professor **Mahfuzul Hoque, PhD**, in the Department of Accounting at the University of Dhaka. **Dr. Md. Jamil Sharif**, **FCMA,** Associate Professor in the Department of Accounting at the University of Dhaka, contributed to the research as a **co-supervisor.** The thesis is based on my unique research findings and supported by references from published literature, documentary evidence, and relevant Acts. The research outcomes have not been previously submitted, in whole or in part, to any other institution for the purpose of obtaining any other degree. I hereby confirm that the information/texts provided in the thesis form others' work have been appropriately cited. Regarding the similarity index, the researcher maintained high levels of integrity and followed the University guidelines. And there is no plagiarized content in the thesis.

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Certificate of the Supervisor

This is to certify that **Shuvabrata Saha** carried out his PhD study under our guidelines and supervision, and has therefore prepared the thesis entitled "**Conformity of Accounting Practices with International Standards in the Local Government of Bangladesh** ".

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It is thus recommended that the thesis be submitted to the Department of Accounting, University of Dhaka, in fulfillment of the requirements for the award of the Doctor of Philosophy.

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Abstract and Key Words

Purpose: The shift from cash to accrual accounting and the establishment of globally recognized International Public Sector Accounting Standards (IPSAS) represent a significant development in public sector accounting (PSA) practices. These reforms are largely inspired by the New Public Management (NPM) paradigm, which demands enhanced efficiency, transparency, and accountability in public financial management, similar to the private sector. However, the uniqueness and complexity of the public sector have made the reform process challenging. In this context, the present study focuses on the local governments (LGs) of Bangladesh, one of the most significant entities in the public sector with distinctive features. The study primarily aimed to explore and examine the current accounting practices of LG in relation to international standards. Furthermore, the research also intended to explore the factors influencing the IPSAS-based accrual reform and evaluate the perceived benefits associated with these reforms in the LG of Bangladesh. DiMaggio and Powell's (1983) Neo-institutional Sociology (NIS), as well as an integrated theoretical framework of contingency theory by Lueder (1992) and its further development in Lueder's FMR model (2002), along with NPM philosophies, were deployed as the theoretical underpinning of the study.

Methodology and Data: The study collected data from various complementary sources to yield robust and comprehensive findings, following an explanatory sequential mixed-method research design. This study has assembled secondary data from the documentary evidence of the respective LG offices, relevant acts, and other organizations associated with the LGs. Additionally, the study has reviewed relevant literature. In the quantitative phase, cross-sectional data were collected from 153 accounting personnel of local governments using a five-point Likert scale questionnaire, employing a multi-stage random sampling technique. In addition, to explain the quantitative outcomes, 31 semi-structured interviews and 10 Key Informants interviews have been conducted. The questionnaire data were analyzed by applying SEM via SmartPLS software, and interviews were analyzed employing thematic narrative analysis.

Findings: The study reveals that the existing manual cash basis accounting practices of LGs deviate from international norms and fail to provide detailed and timely information to the users. The study revealed that both institutional and contextual aspects significantly influence local government accrual transformation. This study suggested that ensuring sufficient ICT infrastructure, updated legal frameworks, improved training facilities, appointment of skilled accounting personnel, engaging professionals and their strong support, and a sincere leadership commitment to reform are the significant factors for the successful implementation of accrual reform in the LGs. Therefore, the study concluded that without creating a favorable implementation environment, sheer pressure from resource providers or imitative tendency would not yield the intended reform in the LG.

Research Implications: The study outcomes will benefit the researchers, policymakers, relevant authorities, and other stakeholders in advancing local government accounting reform. Moreover, the research outcomes may significantly contribute to the implementation of the accounting reform initiatives of the Financial Reporting Council (FRC), Bangladesh. Finally, the study has a great potential to contribute to the PSA literature and the ongoing arguments on accrual reform in the public sector.

Originality: In the global context, there is limited research that explores the factors influencing accrual reform in local government, employing an explanatory sequential mixed-method research design together with structural equation model techniques. The study is the first of its Kind in Bangladesh.

Key Words: IPSAS, PSA, NPM, Local Government, Accrual Reform, SEM, FRC.

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List of Acronyms

A2i: Access to Information.

AR: Accrual Reform.

AVE: Average Variance Extracts.

BACS: Bangladesh Automated Clearing Systems.

BCG: Budgetary Central Government.

BD: Bangladesh.

CAG: Comptroller and Auditor General of Bangladesh.

CCs: City Corporations.

C4C: Project for Capacity Development for City Corporations.

CEO: Chief Executive Officer.

CFA: Confirmatory Factor Analysis.

CFO: Chief Financial Officer.

CFS: Consolidated Financial Statements.

CGA: Controller General of Accounts.

CMB: Common Method Bias.

COA: Chart of Accounts.

COM: Comparability.

CORBEC: Committee for Reform in Budgeting and Expenditure Control.

COVID: Corona Virus Disease.

CPI: Corruption Perception Index.

CR: Composite Reliability.

DDLG: Deputy Director Local Government.

EBCG: Extra Budgetary Central Government.

Ees: Emerging Economies.

EIP: External Institutional Pressure.

EPSAS: European Public Sector Accounting Standards.

EU: European Union.

FCA: Fellow Chartered Accountant.

FCMA: Fellow Chartered Management Accountant.

FGD: Focus Group Discussion.

FLC: Fornell-Larcker Criterion.

FM: Financial Management.

FMR: Financial Management Reform.

FMRP: Financial Management Reform Program.

FR: Financial Reporting.

FRA: Financial Reporting Act.

FRC: Financial Reporting Council.

FRQ: Financial Reporting Quality.

FR: Financial Reporting.

FS: Financial Statements.

GA: Government Accounting.

GAT: Global Accrual Transformation.

GMM: Generalized Method of Moments.

GOF: Goodness of Fit.

HFIs: Higher Educational Institutions.

HTMT: Heterotrait-Monotrait Ratio.

IAS: International Accounting Standards.

IASB: International Accounting Standard Board.

IBAS: Integrated Budget and Accounting System.

ICAB: Institute of Chartered Accounts of Bangladesh.

ICMAB: Institute of Cost and Management Accounts of Bangladesh.

ICT: Information and Communication Technology.

IFAC: International Federation of Accountants.

IFRS: International Financial Reporting Standards.

IGOs: Intergovernmental Organizations.

IMF: International Monetary Fund.

IPM: Institutionalization Process Model.

IPSAS: International Public Sector Accounting Standards.

IPSASB: International Public Sector Accounting Standards Board.

ISA: International Standards on Auditing.

ISSAI: International Standards on Supreme Audit Institution.

IT: Information Technology.

JICA: Japan International Cooperation Agency.

KII: Key Informants Interview.

LC: Leadership Commitment.

LDCs: Least Developed Countries.

LE: Legal Environment.

LICs: Low Income Countries.

LG: Local Government.

LGs: Local Governments.

LGAs: Local Government Authorities.

LGRD: Local Government, Rural Development, and Cooperatives.

MAB FRS: Modified Accrual Basis Financial Reporting Standards.

NATO: North Atlantic Treaty Organization.

NFI: Normed Fit Index.

NILG: National Institute of Local Government.

NIT: Neo-Institutional Theory.

NIS: Neo-Institutional Sociology.

NPM: New Public Management.

NPFM: New Public Financial Management.

NZ: New Zealand.

OCAG: Office of the Comptroller and Auditor General of Bangladesh.

OECD: Organization for Economic Cooperation and Development.

PAC: Public Accountants Committee.

PC: Public Corporations.

PIEs: Public Interest Entities.

PLS SEM: Partial Least Squares Structural Equation Modeling.

PFM: Public Financial Management.

PS: Public Sector.

PSA: Public Sector Accounting.

PSAR: Public Sector Accounting Reform.

PSC: Public Sector Committee.

QCA: Qualities and Competencies of Accountants.

QUAL: Qualitative.

QUAN: Quantitative.

SAB FRS: MAB FRS: Simplified Accrual Basis Financial Reporting Standards.

SEM: Structural Equation Modeling.

SPA: Statutory Public Authority.

SPAs: Statutory Public Authorities.

SPSS: Statistical Package for the Social Sciences.

SRMR: Standardized Root Mean Square Residual.

STDEV: Standard Deviation

TAP: Transparency, Accountability, and Overall Performance.

TAS: Traditional Accounting System.

TPS: Training and Professional Support.

RIBEC: Reform in Budgeting and Expenditure.

UNO: Upazila Nirbahi Officer.

VIF: Variance Inflation Factor.

UN: United Nations.

List of Appendices

Chapter 01: Introduction

1.0 Introduction

The "New Public Management (NPM)" philosophy has significantly influenced the reformation of the public sector (PS) in recent decades. Numerous nations have been transitioning their Public Sector Accounting (PSA) practices from conventional cash-based accounting systems to accrual-based systems, both at the central and local government levels. However, the uniqueness and complexity of the public sector (PS) have made the reform challenging. The International Public Sector Accounting Standards (IPSAS) serve as a means to support the reform initiatives in the PSA practices. IPSAS primarily emphasizes promoting greater political transparency, enhancing accounting and financial reporting standards, improving financial management, increasing economic efficiency, and achieving universal harmonization of public sector reporting. Therefore, IPSAS has become a global benchmark for the upgradation and modernization of the PSA practices of many states.

The central government of Bangladesh was committed to adopting IPSAS from the 2007-2008 fiscal year among the ministries and specialized government organizations (Chowdhury, 2012); However, the transition has been slow and jumbled. Moreover, in 2022, the Financial Reporting Council (FRC) of Bangladesh directed Statutory Public Authorities (SPAs), including local governments, to follow five levels of reporting criteria based on their financial operations. These criteria include four levels of accrual-based financial reporting in line with or modified IPSAS or International Financial Reporting Standards (IFRS) and one level of cash-basis financial reporting in line with IPSAS. But the concerned authorities (SPAs) have encountered significant challenges in implementing these planned reforms in the public sector (PS) of Bangladesh. The delay in implementing accrual-based IPSAS in the central government of Bangladesh and extending it to other governmental bodies, as well as local governments (LGs), is not unexpected and can be attributed to various factors. The present study focuses on the local government (LG) of Bangladesh. The study endeavor aimed to explore and examine the current accounting practices of LG in relation to the international standards. Precisely, the current research endeavor evaluates the contextual and institutional variables influencing IPSAS-based accrual compliance and the benefits of complying with such reforms in the LG of Bangladesh, employing an explanatory sequential mixed-method research design. The research mainly concentrates on the adoption and implementation of accrual basis IPSAS in the local government (LG) of Bangladesh, drawing on DiMaggio and Powell’s (1983)

Neo-institutional Sociology (NIS) theory, as well as an integrated theoretical framework of contingency theory by Lueder (1992) and its further development in Lueder's Financial Management Reform (FMR) model (2002), along with NPM philosophies.

The remainder of the chapter is outlined as follows: Section 1.2 explains the background of the study, while Section 1.3 explains the problem statement, Section 1.4 outlines the research questions, and Section 1.5 presents the research objectives, correspondingly. Section 1.6 explains the originality of the study. The research motivation and justification are highlighted in Section 1.7. Section 1.8 discusses the scope of the research, and Section 1.9 presents the key terms of the study. And finally, Section 1.10 demonstrates the structure of the thesis, and Section 1.11 concludes the chapter with a chapter summary.

1.1 Research Background

1.1.1 PSA Reforms in the Global Context

Safeguarding the most effective use of taxpayer funds requires transparent and reasonable use of all government expenditures. All personnel responsible for distributing public funds must be held accountable to the citizens of the country, and the fundamental elements of accountability are accurate record-keeping and budgeting (Khan, 2019). For accurate record-keeping, there are primarily two accounting bases, namely the cash basis and the accrual basis. The cash-based accounting system has become really popular in the PS due to its simplicity and conservatism. While a cash-based accounting system has its inherent benefits, the literature highlights its limitations in terms of solely producing financial statements (FS) based on cash transactions (Ouda, 2003). The cash accounting system is also ineffective in supplying accounting information for the efficient functioning of public sector organizations because it does not consider long-term consequences. Therefore, the accrual basis is gaining more acceptance in the PS because of the natural limitations of cash-based accounting.

The New Public Management (NPM) is a prominent and universally acknowledged global phenomenon in public administration. NPM's primary goal was to enhance government efficiency through the adoption of business-oriented practices and management models derived from the private sector. The transition from cash to accrual accounting and the establishment of universally acknowledged IPSAS are regarded as major advancements in government accounting practices within the framework of the New Public Financial Management (NPFM) reforms (Sellami & Gafsi, 2018). Hood (1995) claimed that the implementation of the NPM is intended to enhance the effectiveness and efficiency of public sector (PS) organizations. As a result, NPM has substantially altered the PSA systems of different countries from a cash basis to an accrual basis (Adhikari, Kuruppu, & Matilal, 2013; Harun, Bell, Van Peursem, & Eggleton, 2012). However, the transition from a cash basis to an accrual basis is not even due to the complicated nature of the PS. The IPSAS Board (IPSASB), formerly known as the Public Sector Committee (PSC) of the International Federation of Accountants (IFAC), has created a series of International Public Sector Accounting Standards (IPSAS) to simplify and reinforce these transitions (Christiaens, Reyniers, & Rollé, 2010). Forty-nine IPSAS related to the accrual basis, one cash basis IPSAS standard, and three Recommended Reporting Practice Guidelines have been released by the IPSASB to date. The IPSASB firmly believes that the primary goal of financial reporting (FR) is identical for both the public and private sectors. Consequently, every International Accounting Standard (IAS) /International Financial Reporting Standard (IFRS) is carefully examined and modified to create the IPSAS (Christiaens & Van Den Berghe, 2006). Benito, Brusca, and Montesinos (2007) stated that IPSAS is a crucial stimulus for harmonizing financial information systems in the public sector (PS). The OECD, NATO, the United Nations, the European Commission, and Interpol have all implemented an accrual accounting system that is compliant with IPSAS (Hathorn, 2008).

Thus, the adoption of accrual-based accounting systems in the public sector (PS) is a global trend. As a result, countries are currently under considerable pressure to harmonize their government accounting systems with international standards (Mnif Sellami & Gafsi, 2019). However, there is a noticeable variation in the approaches used to implement these accrual accounting systems (Christiaens et al., 2010). The government and its entities are not obligated to adopt and implement IPSAS. As stated by Chowdhury (2012), implementing IPSAS is rather a matter of best practice. Consequently, the extent of the reform from cash to accruals has been highly varied in accomplishing structural accounting reform (Benito et al., 2007; Brusca & Condor, 2002), and in the majority of instances, they have been implemented at all levels: national, regional, and local. Researchers also claimed that IPSAS has significantly contributed to various PSA reform initiatives of those nations (Adhikari & Mellemvik, 2010; Alesani, Jensen, & Steccolini, 2012; Brusca & Martínez, 2016). Many nations are now transitioning to IPSAS, and the experiences of early adopters can serve as a valuable learning opportunity for others (Brusca & Martínez, 2016). Studies pointed out that when governments update their systems, they may discover incentives to embrace IPSAS, but there may also be obstacles that impede the process. The adopter countries consider the incentives for implementing IPSAS to be more relevant than the non-adopters. The non-adapters do not place significant emphasis on the need to synchronize PSA or tailor IPSAS in their PSA practices (Brusca & Martínez, 2016). Therefore, the experiences of early adopters can be used as valuable wisdom for others (Brusca & Martínez, 2016).

Besides, the implementations of PSA reform vary among the nations. Some nations have implemented IPSAS-based reform; at the same time, many nations utilize modified accrual or cash basis systems, or are considering reforming their PSA practices towards IPSAS (Rajib, Adhikari, Hoque, & Akter, 2019). Several nations, including Belgium, Estonia, France, Portugal, Romania, the United Kingdom, Slovakia, and Sweden, have implemented accrual accounting across all government levels. However, certain countries, like Italy, still rely on cash accounting (Bellanca, Cultrera, & Vermeylen, 2015). Malaysia and Nepal have made significant advancements in adopting accrual reform based on IPSAS, two Southeast Asian countries. In 2015, the central government of Malaysia implemented IPSAS accrual-based standards, and the state governments also embraced these standards in 2016. Researchers claimed that implementing IPSAS improves accountability and transparency (Abimbola, Kolawole, & Olufunke, 2017) and has a significant impact on the standard of financial reporting (FR) (Mijbil & Jabal, 2021). However, Adhikari and Jayasinghe (2017, June) stated that there are situations in the implementation of accrual-based IPSAS in developing countries that have seen unforeseen repercussions and failures. Several cases have shown that these modifications are excessively complex and inefficient during the implementation phase, leading to their removal or restoration through alternative development approaches. In order to demonstrate the alignment of the IPSAS-based cash or accrual PSA system with its potential benefits, PSA researchers must furnish supporting evidence. Although the introduction of IPSAS is gaining momentum, it is still necessary to have a well-defined plan, achievable deadlines, specific goals, and adequate resources (ACCA, 2017).

1.2.2 PSA in Bangladesh

In Bangladesh, the public sector (PS) jurisdiction can be divided into two primary sectors: General Government and Public Corporations. The term General Government comprises both the central government and the local government (LG). The central government is divided into two main groups: the budgetary central government (BCG) and the extra-budgetary central government (EBCG) (Debnath, 2022). However, generally, LG is also treated as a Statutory Public Authority (SPA) unit of the government. The central government and almost all Statutory Public Authorities (SPAs), including local governments, continue to follow traditional cash-based accounting methods till now, which differ significantly from international standards. Even though the PFM system in Bangladesh has experienced many developments and revisions over time, it maintains the fundamental structure inherited from British colonial rule, which continues to be robust and resilient (Chowdhury, 2022). Since 2007-2008, the government of Bangladesh has committed to modernizing the PSA practices in relation to international standards. Up till now, implementing accrual-based accounting in the PS has been seen as a complex and challenging process in the emerging nations (Bruno & Lapsley, 2018).

Despite the efforts of the government and continuous donor pressures, Bangladesh is encountering frequent practical challenges in implementing the intended PSA reform policies. Since Bangladesh achieved independence, its successive governments have consistently initiated many public financial management (PFM) reform programs. The PFM reform effort began in 1989 with the establishment of the Committee for Reform in Budgeting and Expenditure Control (CORBEC). In 1998, the Reform in Budgeting and Expenditure Control (RIBEC) implemented a new digital categorization chart with 13 digits. This chart was later expanded to a 56-digit account code in 2017. The accounting code chart was formed to enhance the efficiency of the automation process in the government accounting system. The Financial Management Reform Program (FMRP) adopted the Integrated Budget and Accounting System (iBAS), an internally developed program designed to streamline budget and accounting processes nationwide (M. A. R. Khan, 2019). The IBAS software has demonstrated high efficiency in terms of time and energy. Khan (2019) also claimed that the launch of the new BACS (Bangladesh Automated Clearing System) across all PS institutions in Bangladesh will significantly improve the PFM system (Khan, 2019). Nevertheless, IBAS does not substantially alter the conventional cash-basis accounting methods employed by the central government (Rajib et al., 2019). Furthermore, IBAS software has not been deployed to the LGs or most of the SPAs.

In Bangladesh, the Comptroller General of Accounts (CGA) supervises government finances and maintains financial accounts for each year. The Comptroller and Auditor General (CAG) office establishes the standards and criteria for accounting procedures in the budgetary central government, as empowered by the Constitution of Bangladesh. Multiple publications assert that Bangladesh has made a few steps towards implementing the Cash Basis IPSAS as a part of its financial reforms (Chowdhury, 2012; Hakeem, 2012; Rajib et al., 2019). According to the World Bank (2007a, 2015) and ACCA (2018), the central government intended to provide its initial IPSAS-cash-based financial statements for core ministries and specialized entities during the fiscal years 2007–2008 and 2009–2010, respectively (Chowdhury, 2012). Despite making the pledge decades ago, we are still utilizing the cash-based accounting system. The arrangements deviate significantly from international standards due to multiple constraints (ACCA, 2017; Chowdhury, 2012; Hakeem, 2012; Hasan, Rose, & Khair, 2015; Miraj & Wang, 2018). Countries like Bangladesh, due to their reliance on donor agencies, face institutional pressure to reform the PSA (Adhikari et al., 2013). It is assumed that, by process of analogy, harmonization in PSA and auditing through convergence with accrual-based IPSAS and ISSAI (International Standards on Supreme Audit Institutions) or ISA (International Standards on Auditing) would render high-quality FR and a credible audit of the governmental departments and PS entities/institutions of Bangladesh (Chowdhury, 2012). Decades have passed, but the promise of implementing the Cash Basis IPSAS remains unfulfilled. Neither the core ministries nor the specialized PS entities in Bangladesh have implemented the full Cash Basis IPSAS and are far from accruals. As technical, political, and conceptual questions arise in the adoption of PSA, the adoption becomes critical (Rajib & Hoque, 2016). Therefore, the central government of Bangladesh continues to implement a cash-based IPSAS (ACCA, 2018) due to various implementation challenges and limitations. Year after year has passed since the approval of the Cash Basis IPSAS was proclaimed. However, the standard has yet to be applied as anticipated.

A series of Public Financial Management (PFM) reform measures have been put into effect since 1990. These initiatives unquestionably improved the management of public resources, even though they did not completely achieve the anticipated results. Considering the aforementioned environments, the government must prioritize the implementation of PFM reform, as it is an essential factor in improving governance and accountability in Bangladesh (Khusru, Rajib, & Hoque, 2022). Furthermore, apart from the need for a concrete implementation plan, the government is encountering challenges in modifying the previously established accounting codes and classifications to incorporate the Cash Basis IPSAS (Khan, 2022).

1.2.3 The Emergence of the Financial Reporting Council (FRC), Bangladesh

The Financial Reporting Act (FRA) was formally enacted in September 2015. The Financial Reporting Council (FRC) was created in accordance with section 3(1) of the FRA 2015, as specified in the Gazette Notification on April 23, 2016. An essential objective of the FRC is to encourage Public Interest Entities (PIEs) to produce high-quality reports on both financial and non-financial information (Bala, 2017). The FRC has been authorized to set accounting standards and practice guidelines for Statutory public bodies, including local government. Prior to the establishment of the FRC, the accounting guidelines for SPAs were set out by the CAG. However, presently, the CAG has exclusive responsibility for carrying out audits in the SPAs, including the LG of Bangladesh, and the standard-setting responsibility of SPAs has been entrusted to the FRC (Financial Reporting Council), Bangladesh. In 2022, in line with global trends and in accordance with NPM philosophies, the FRC issued directions for implementing different levels of accounting practice guidelines for various types of SPAs. The objective is to enhance transparency and accountability among these organizations (Akter, 2024). The Five (5) levels of standards applicable to SPAs, including local government, are:

"1) Level 1- IFRS or Accrual Basis IPSAS Financial Reporting (FR), 2) Level 2- Simplified Accrual Basis Financial Reporting Standards (SAB FRS), 3) Level 3- Simple Accrual Basis Financial Reporting Standards, 4) Level 4- Modified Accrual Basis Financial Reporting Standards (MAB FRS), 5) Level 5- Cash Basis IPSAS". (Appendix-)

Still, the FRC's efforts to transform IPSAS-based accrual accounting practices in the LG have faced ambiguity, a lack of cooperation, and resistance from the LG, primarily due to various institutional and contextual factors and difficulties. In addition, the distinct features of LG from other SPAs have made the reformation more challenging.

1.2.4 LG and LG Accounting Practices in Bangladesh

A local government (LG) is a smaller part of the overall governmental structure that has the specific duty of carrying out its tasks within a defined geographical area. It serves both administrative and political functions. As an SPA, LG also functions as one of the vital representatives of the central government. The LG institutions directly deliver their services to the residents of their respective areas. The role of LG in the nation's development is significant, as it enlightens people about the values of democracy, effective resource utilization, strategic planning, and the delivery of improved services to citizens. As a result, governments of developing nations have consistently implemented rigorous policies to improve the institutional capacity of LG (Chowdhury & Panday, 2018b).

The development of the LG structure in Bangladesh can be traced back to the historical periods of the Indian subcontinent, British colonial rule, and Pakistani rule. However, there was a significant difference in the level of independence and the range of responsibilities they possess (Khan, 1993). The LG system has seen extensive alterations, advancements, and periods of instability (Talukdar, 2009). The present organization of the local administration consists of three separate divisions, each of which is responsible for certain tasks: rural, urban, and hill. The urban authority comprises City Corporations (CCs) and Paurashavas. Zila Parishads, Upazila Parishads, and Union Parishads made up the rural local government. The Hill Area LG is also composed of Zila Parishads, Upazila Parishads, and Union Parishads of respective hill areas; however. Their functioning procedures differ from the plain land LG.

The level of accountability and integrity in a government or LG is intricately linked to the establishment of an efficient PSA system. The efficiency and transparency with which an LG can provide services largely rely on the extent and characteristics of its accounting system. Accounting is responsible for quantifying and documenting progress and accomplishments. In addition, it allows individuals and stakeholders to evaluate the efficacy and efficiency of public resource utilization (Broadbent & Guthrie, 2008; Hoque & Moll, 2001). Furthermore, accounting practices are essential instruments that enable LG to effectively and honestly manage public resources, particularly funds. Thus, municipalities need to enhance their financial management (FM) to improve the quality of their services (Bhattacharya, Monem, & Rezbana, 2013). The LG of Bangladesh has been under tremendous pressure in recent years to enhance its PFM by adhering to International Standards, especially from donors (Saha, Rajib, & Hoque, 2022). In addition to implementing IPSAS, the LG is also responsible for delivering the reporting obligations imposed by several legislative bodies, like the FRC. The FRC now instructs local government bodies to follow the accounting practice guidelines set by the FRC for SPAs. However, most of the LG organizations have shown no awareness or knowledge regarding the subject. Moreover, there is a visible lack of collaboration between the relevant ministry and the FRC. Though the local government received and executed a significant portion of the central budget, the PFM planning process, in terms of openness and accountability, tends to overlook issues of LG’s financial accountability and transparency more than it does with other statutory bodies. Therefore, to enhance the efficiency of LG, it becomes essential for local politicians to prioritize the goal of good governance instead of depending on externally imposed changes (Saha et al., 2022). This can be achieved by following international financial reporting and accounting standards and transitioning from conventional, incomplete cash-based accounting practices to IPSAS-based accrual practices in the local government.

1.3 Problem Statement

Now, Bangladesh is the 41st largest economy globally and the second-largest economy in South East Asia. At the same time, the level of corruption also increased enormously. Therefore, a transparent, fair, and accountable public sector (Central Government, Local Government, ministries, statutory bodies, etc.) is crucial for Bangladesh to meet the challenges of its current economic evolution. However, in relation to this, we continue to rely on conventional cash-based accounting for most PS entities. Due to the numerous constraints of the cash-based method, we have to systematically shift to an accrual basis to conform to international standards. There is plenty of evidence that the IPSAS has been adopted in many countries to upgrade the PSA systems globally and establish a transparent, fair, and accountable public sector (Cuadrado-Ballesteros & Bisogno, 2021; Gebreyesus, 2020; Mnif Sellami & Gafsi, 2017; Narsaiah, 2019; Tawiah, 2023). However, the degree of these PSA reforms varies greatly. Apart from the countries that have already completed accrual reform at their central and local government levels, many countries are utilizing modified accrual or cash-based systems or are considering doing so. Due to donor pressure and to align PSA with international standards, Bangladesh's government committed in 2007-2008 to publish cash-based IPSAS statements for core ministries and specialized organizations starting in 2009/2010, and gradually transitioned to full accrual. However, we continue to use a cash-based accounting system that falls well short of international standards. The IPSAS implementation process in the PS of Bangladesh is slow, Jumbled, and filled with challenges.

In Bangladesh, Local governments spend a significant portion of the national budget, and citizens have the legal right to know how the LGs have utilized their funds. In addition, Decades ago, the government of Bangladesh committed to providing access to information (a2i). However, the level of accountability in the LG of Bangladesh falls short in terms of reach, depth, relevance, accuracy, and timely disclosure of financial information about LG activities. The use of conventional cash-based accounting by LGs is a significant reason for that scenario. Experience has shown that poor fund management, rather than insufficient funds, is the root of the local government's inability to achieve substantial development in its area. Moreover, due to LG's reliance on donor agencies, developing countries' local governments face institutional pressure to reform the PSA. Moreover, inspired by NPM and in accordance with international standards, the FRC has instructed local government organizations to conform to its accounting practice guidelines for SPAs. Nevertheless, most local government organizations have demonstrated a lack of interest, awareness, or understanding in the matter.

Despite numerous studies on PSA reform and IPSAS implementation embarked on in many other nations, the debate regarding the merits and drawbacks of the accrual basis IPSAS continues. Although numerous research studies assert the positive aspects of IPSAS, the literature indicates the hegemony of cash-based accounting in the public sector as well. Local government reflects many features identical to the central government, more so than other entities within the PS. Thus, the insights gained from the central as well as local governments of other countries can serve as valuable lessons for the implementation of FRC guidelines in the LG of Bangladesh. However, the problem emerges due to the divergent country-specific attributes. As a result, pressure forces alone are inadequate for the implementation of accrual reform in the LG. The contextual characteristics of each country or institution also influenced the successful implementation and the extent of benefits derived from the planned PSA reforms. Therefore, the researchers frequently emphasized the necessity of examining country-specific factors and advantages associated with IPSAS deployment. The delay or struggle in conforming to international standards, specifically accrual-based IPSAS, in the LG of Bangladesh is not unexpected. It can be attributed to numerous contextual and institutional factors. These factors have created difficulties for central and local government administrators and legislators in meeting the accountability, transparency, and global harmonization of PS. *Therefore, the complexities and benefits of conforming to IPSAS in the LG should be investigated.*

It is evident from the prior research that the transition from a traditional cash basis to accruals is a complex and controversial process (Adhikari & Jayasinghe, 2017, June; Bakre, McCartney, & Fayemi, 2022; Caruana & Grima, 2019). The ongoing development of the accounting system is determined not only by institutional pressures but also by many contextual elements and the skills of the respective institution. Furthermore, the researcher has seen varied perspectives on the perceived advantages of IPSAS or accrual implementation. *The beneficial aspects and problems of implementing IPSAS in the LG of* *emerging economies, such as Bangladesh, contribute to the motivation for the current research undertaking.*

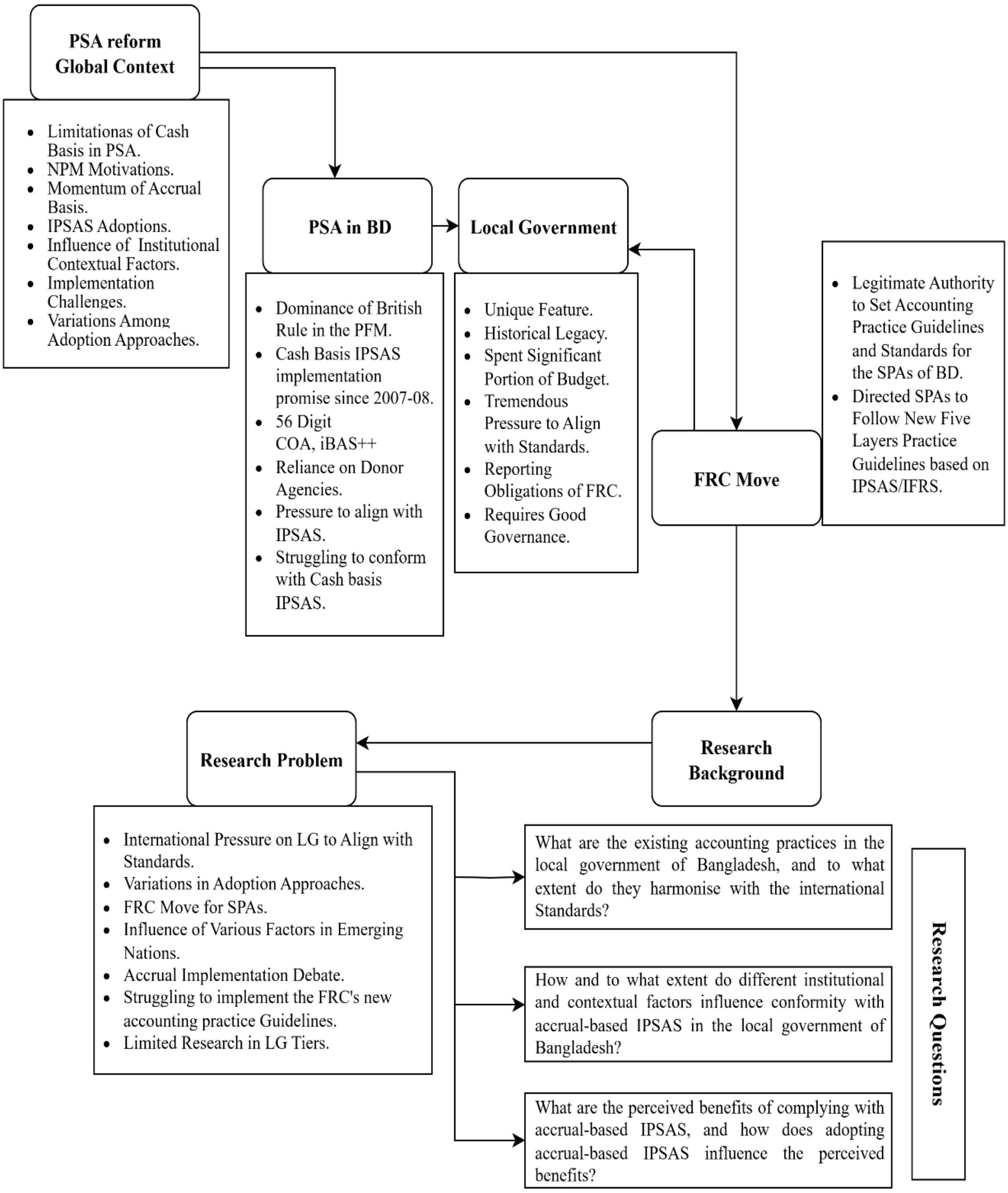


Figure 01: Research Background and the Development of Research Questions

Therefore, the purpose of this study is to explore the existing accounting practices of the LG of Bangladesh and to propose a path forward for an accountable and quality reporting system that conforms to accrual-based IPSAS, following an explanatory sequential mixed-method research design.

1.4 Research Questions

The following specific research questions guided the study:

- ❑ What are the existing accounting practices in the local government of Bangladesh, and to what extent do they harmonize with the international Standards?
- ❑ How and to what extent do different institutional and contextual factors influence conformity with accrual-based IPSAS in the local government of Bangladesh?
- ❑ What are the perceived benefits of complying with accrual-based IPSAS, and how does adopting accrual-based IPSAS influence the perceived benefits?
- ❑ How do the qualitative research approaches justify the quantitative outcomes of the study?

1.5 Research Objectives

The study classifies its objectives into two categories: broad objectives and specific objectives. The objectives are as stated below:

Broad Objective:

The study aims to identify and compare Bangladesh's local government's current accounting practices to international standards and evaluate the factors influencing accrual-based IPSAS compliance as well as the benefits of such conformity.

Specific Objectives:

The study aims at the following specific objectives:

- ❑ To explore, identify, and explain existing accounting practices in the local governments of Bangladesh and compare them with international standards (IPSAS).
- ❑ To know and evaluate the different institutional and contextual factors that may influence conformity with accrual-based IPSAS.
- ❑ To know and evaluate the influence of the accrual-based IPSAS confirmation on the perceived benefits.
- ❑ To determine and evaluate whether the qualitative themes and results on the conformity of accounting practices with IPSAS in the local government of Bangladesh can explain the quantitative findings.
- ❑ To propose significant policy implications for the accounting reform in the local government of Bangladesh based on research findings.

1.6 Research Originality

The present research is an original endeavor in terms of its scope and research methods. Appropriate citations are provided within the thesis body. The thesis has not been presented for any other degree or benefits elsewhere. The data compiled and presented in the thesis have been sourced appropriately and follow proper data collection methods.

1.7 Research Motivation and Justification

A country's progress largely depends on the effectiveness and capability of its Public Sector (PS). The PS plays a crucial role in fostering the economic expansion of a nation and its sustainability. Public Financial Management (PFM) is a crucial aspect of effective administration. It serves as the foundation for all government operations. PFM encompasses the procedures through which public monies are collected, allocated, employed, recorded, scrutinized, and reported. Thus, an efficient, transparent, and accountable PFM is a prerequisite for attaining the highest possible cost-effectiveness in delivering public services (Debnath, 2022). The present PhD dissertation attempts to analyze the current state of accounting practices of the LGs, one of the largest and most crucial Statutory Public Authorities (SPAs) in Bangladesh, which spends a significant portion of the central budget. The research presents a comprehensive picture of the Bangladesh LG's present accounting systems and also highlights the limitations of the current practices. In addition, the study includes several relevant and concise charts and tables on present accounting practices. The research endeavor further examines the deviations of LG accounting practices from global norms. Understanding current accounting practices facilitates comprehension of the accounting practices of LG units, thereby helping policymakers gain a clearer picture. The researcher believes that this rigorous and comprehensive documentary assessment of local governments' accounting practices in Bangladesh is a remarkable undertaking. It aids in identifying the actual practices and deviations from the IPSAS-based practice guidelines, as there are very limited studies in this area.

Currently, the budgetary central government of Bangladesh is still attempting to implement a cash-basis IPSAS, despite having made a promise a decade ago, due to several obstacles and restrictions. Bangladesh and many other developing nations are facing difficulties implementing IPSAS in their central and local government organizations as well. In 2022, the Financial Reporting Council (FRC) in Bangladesh was directed to follow five levels of accounting framework for various types of SPAs.of these, four levels are based on an accrual basis, and the other one is based on a cash basis. The FRC's five levels of accounting framework are based on the IPSAS/IFRS. Therefore, implementing the accrual basis in the LG is now a concrete reality rather than just a dream. As discussed in the research background, understanding the relationship between contextual or contingent factors and institutional factors is essential for the successful application of IPSAS in the LG of Bangladesh. Considering the context, the current study has the potential to contribute to the successful execution of FRC guidelines for LG. Thus, it is a timely research endeavor.

The study provides valuable insights into the factors influencing the conformity of accounting practices in the LG of Bangladesh with international best practices, precisely, accrual-based IPSAS. In addition, the current study also examines the perceived benefits of employing the accrual basis in the LG. The study utilized an explanatory sequential mixed-methods design to investigate the factors influencing accrual shifts. Moreover, the benefits associated with them are also analyzed. The present research utilized questionnaire surveys, interviews, and Key Informant interviews to enhance our understanding of the aspects that influence the compliance of accounting practices with IPSAS. In the quantitative and qualitative analysis phases of the study, State-of-the-art techniques, such as structural equation modeling, were utilized in combination with the application of SmartPLS software and thematic narrative analysis. Therefore, the present study findings offer a comprehensive understanding of the setting due to methodological triangulation. That strengthens the consequence, realism, and completeness of the present research. In Bangladesh, most PSA reform studies rely solely on the literature review method, without including a questionnaire survey or comprehensive interviews with respondents. PSA researchers also suggested that further research could employ other methods, such as interviews, questionnaires, and group discussions, to facilitate two-way communication with respondents and elicit honest answers to the issue (Miraj & Wang, 2018). Therefore, the methodological rationale of the present study is phenomenal.

Despite the many shortcomings of the cash basis of accounting, the accrual basis of accounting is also being criticized. Prior research stated that accrual reforms based on IPSAS in PSA sometimes fail to deliver the desired outcome (Bakre et al., 2022; Caruana & Grima, 2019). The research on PSA is grounded in professional boundaries, the contradiction of established ideas, and the unpredictable character of institutionalization.

Thus, the researchers have focused on studying the implementation of PSA reform at both local and national levels, and other relevant elements (Rajib & Hoque, 2016). International literature has previously identified and investigated several contextual and institutional drivers associated with IPSAS-based PSA reform, highlighting both the beneficial impacts of IPSAS compliance and a few negative consequences reported by some scholars (Bakre et al., 2022; Caruana & Grima, 2019; Laswad & Redmayne, 2015). Researchers also advocate different sorts of PSA reforms at various levels of government. The works of literature also noted that the state of PSA reform varies from nation to nation and from central to local. Despite the necessity to address the IPSAS implementation possibilities and problems, relatively little research has been done in this area at the local government level worldwide. In Bangladesh, almost none have been conducted in the domain of local government accrual accounting reform. Also, to the best of the researchers' knowledge, no empirical research has been conducted on a thorough study so far on the factors influencing IPSAS conformity and the perceived advantages of IPSAS compliance in Bangladesh LG. The struggle of IPSAS implementation in Bangladesh LG is predictable, as various factors have contributed to this situation. Moreover, there were very few studies on specific tiers of the PS in the international context, as most of the research was conducted at the central government level. Long before, (Bhattacharya et al., 2013) also affirmed the scarcity of studies on municipal finance in Bangladesh. The states remained almost the same in that crucial domain of research.

The IPSASB has created a set of IPSAS to foster transparency, accountability, and effectiveness in the PS. Despite continual global breakthroughs and changes in this field, academic research and training in Bangladesh have not focused on the distinct features of PFM and government accounting systems. Academia's participation in Bangladesh's PFM is limited, impeding intellectual and analytical contributions. However, it is essential to establish a robust partnership between politicians and academics to guarantee informed, empirically supported, and exemplary policymaking (Chowdhury, 2022) for an improved PFM system in Bangladesh. Therefore, the study is timely, crucial, and extremely justifiable. It highlights the drawbacks of LG's present accounting practices and factors influencing accrual reforms, and emphasizes the potential benefits of implementing IPSAS-based accrual reform in LG by collecting complementary data. The present research endeavor is justifiably noteworthy. Since it applied state-of-the-art techniques to construct the conceptual research model and suggests policy implications for reform, these findings can assist in enhancing LG performance and accountability, facilitating a shift from traditional cash-based accounting to accrual-based accounting or to conformity with the newly recommended reporting guidelines of the FRC. It should also be noted that, since local governments hold diverse yet comparable environmental conditions, like central governments. Therefore, the findings and implications of this study may apply to both local and central governments in other emerging nations.

1.8 Research Scope

The scope of the research was confined to PS institutions and concentrated mainly on the local government of Bangladesh. The LG of Bangladesh is composed of rural, urban, and hill districts. The current study collected primary and secondary data from City Corporations, Paurashavas, Upazila Parishads, and Zila Parishads from urban, rural, and hill Local Governments. The samples excluded the Union Parishads of rural Local Governments. Due to the nature of the study, it requires input from individuals with fundamental accounting knowledge. However, the maximum number of Union Parishads lack respondents who meet these qualifications. Additionally, the candidates believe that considering the accrual reform in the Union Parishad may not be relevant at this time. The study primarily seeks to analyze and contrast the current accounting procedures of the Bangladesh Local Government with international standards through documentary analysis, observations, and oral evidence of the practitioners. Additionally, it attempts to evaluate the factors that influence adherence to accrual-basis IPSAS compliance through a cross-sectional Likert scale questionnaire survey and semi-structured interviews. The study also examined and elucidated the perceived advantages of such a transformation. To achieve the study goal, the study employed Cross-Sectional quantitative (Structured Questionnaire) and qualitative (Interviews and Documentary Review) research methods. In addition, Key informant interviews (KII) were conducted as part of the study to enhance comprehension and strengthen the quantitative findings. The LG shares many characteristics similar to those of the central government. It can be assumed that the challenges to accrual reform encountered by a local government are nearly analogous to those confronted by a central government. There is significantly less academic research on accounting reform in local governments compared to the central government. Therefore, to get a more comprehensive understanding of the research issues, this thesis considers the literature relevant to accrual reform in both central and local governments.

1.9 Definitions of the Key Terms

Conformity: According to the dictionary, conformity means adhering to norms, standards, or laws, or, in other words, doing anything that is conforming or in compliance with some established set of rules or regulations. Cialdini and Goldstein (2004) define conformity as follows:

"Conformity refers to the act of changing one's behavior to match the responses of others."

They said that conformity is the process of aligning one's attitudes, ideas, and behaviors with the group norms, ideologies, or shared perspectives. Thus, conformity is the act of aligning with the group. As social creatures, we direct a significant portion of our behavior toward maintaining group solidarity. The inclination to modify one's conduct to align with the responses of others is frequently adaptive (Cialdini & Goldstein, 2004). The current study covers both the dictionary and literary definitions of conformity. In this research, conformity refers to adhering to, agreeing with, or aligning with the global best practice for the PSA, namely IPSAS.

Accounting practices: Accounting practices encompass record-keeping, budgeting, and payroll accounting (Balagobei, 2020). It refers to the techniques and processes utilized by an entity to track, record, evaluate, and communicate its financial transactions as well as conditions to the stakeholders. It covers the techniques an institution uses to track its revenue, expenditures, assets, and liabilities, which aid in the preparation of the FS.

International Standards: An international standard is an agreement established by numerous experts from various countries. Approved and distributed by a recognized global organization and accepted globally. The current research focuses on a crucial component of the PS, that is, local government (LG). International standards mean the International Public Sector Accounting Standards (IPSAS) in this study.

The financial characteristics of the public and private sectors contrast. Government entities often meet challenges in recognizing revenue and expenses. Accordingly, most of the government institutions previously operated on a cash basis. However, PS entities later realized the need to shift to an accrual basis. The Public Sector Committee (PSC) of the International Federation of Accountants (IFAC), formerly known as the IPSAS Board (IPSASB), has created a series of International Public Sector Accounting Standards (IPSAS) to simplify and strengthen the changes from cash to accrual accounting

(Christiaens et al., 2010). IPSAS mainly aims to boost the quality of financial reports of the public sector, increase openness and accountability in the PS, and enhance the comparability of FS globally. Thus, the IPSAS has been implemented to modernize accounting practices universally (Bellanca & Vandernoot, 2013).

Local Government (LG): Local government constitutes a component of the broader governmental framework, tasked with fulfilling its duties within the smallest designated territories. LG functions as an important organ of the national government. LG institutions deliver their services directly to inhabitants in their specified areas. LG derives revenue from multiple sources, including taxes (such as holding tax, land development tax, and municipal tax), license fees, penalties, and the leasing of government properties (including land, buildings, and marketplaces). The LG functions almost similarly to a full-fledged government in its own territory. LG has the authority to levy taxes similar to those of the central government. Its representatives are elected, similar to those of the central government, and also enjoy autonomy. Thus, LG is not like other statutory public authorities (SPAs) nor fully similar to the budgetary central government. It has unique features.

Public Sector: The public sector in any country encompasses the portion of the economy that is subject to government control, oversight, and financial backing. It is the primary entity responsible for delivering vital services, such as healthcare, power, transportation infrastructure, water supply, education, and land management, at a lower cost. The primary objective of this entity is to offer essential services to individuals to promote their overall welfare (Debnath, 2022).

Public Sector Accounting/ Government Accounting: The documentation and reporting procedure of financial transactions conducted by governments at the state and local levels is referred to as government accounting. Public sector accounting (PSA) is also known as government accounting. It involves the practices of identifying, documenting, and summarizing financial transactions within a public sector organization, followed by a public entity to reporting these transactions to relevant stakeholders.

Accounting Reform: Accounting reform refers to any modifications in the existing accounting framework. These include compliance with standards, recording procedures, reporting processes, or general accounting practices. In the current research, the term "accounting reform" primarily refers to the intended modifications needed in accounting practices to conform to international standards. Specifically, the IPSAS-based accrual accounting reform.

Cash Basis: The cash basis of accounting recognizes expenses and revenues solely upon the actual receipt or payment of cash. Cash-based accounting concentrates only on cash flow. That is, cash received or paid. Numerous public organizations and small firms frequently utilize the cash basis accounting due to its simplicity. Though the method could not adequately represent the financial situation because it omitted the long-term consequences.

Accrual Basis: The accrual basis of accounting acknowledges expenses at the time they are incurred. It recognizes revenues when earned, irrespective of cash transactions, that is., regardless of cash receipt. The accrual basis complies with generally accepted accounting principles. Still, introducing the accrual basis is challenging in the public sector due to complications in revenue and expense recognition, as well as asset valuation.

1.10 The Structure of the Thesis

The study comprises seven chapters. The structure of the thesis is explained below.

Chapter 1 outlined the research background information, problem statement, research questions, objectives, research motivation and justification, and the scope and area of the research. In addition, the chapter defines the key research terminology used in the study.

With a specific focus on the LG **Chapter 2,** which included necessary details regarding the public sector of Bangladesh. This chapter explored the current accounting practices of the LG of Bangladesh. The chapter comprises the legal framework pertinent to accounting and budgeting, budgeting procedures, accounting records and their documentation, as well as financial statements and reporting, proficiencies of the accounting department, the status of automation, and existing compliance situations with IPSAS in the respective local government entities (City Corporations, Paurashavas, Zila Parishads, Upazila Parishads).

Chapter 03 presented an extensive literature review. The chapter assessed the depth of previous research on the present research topic and identified the deficiencies in the existing literature. This chapter included a few summarized tables. At the end of each table, a summary was given. The tables encompass several significant domains of research. 1. NPM and accrual reform, 2. IPSAS research, 3. IPSAS hegemony, 4. PSA research on local government, 5. The PSA research on Bangladesh. It also provides a table with a concise summary of prior literature review findings. The research gap that the present study aims to address is clearly stated at the end of the chapter.

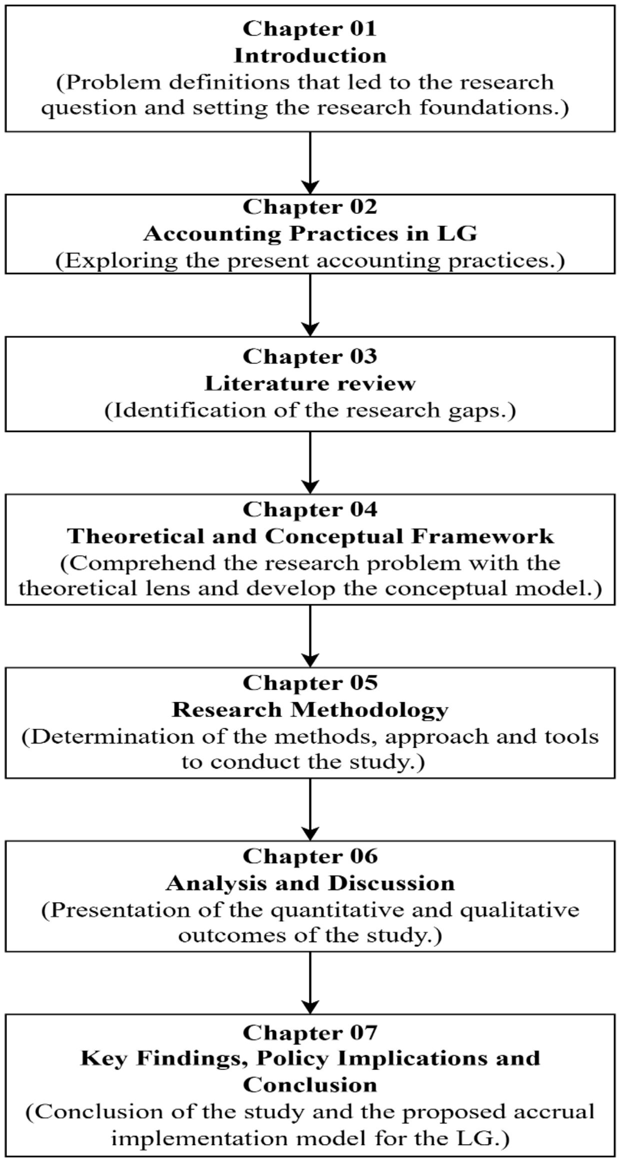


Figure 02: The Structure of the Thesis

Chapter 04 began with a brief review of the relevant theories utilized in prior research on IPSAS and PSA accrual reform. A concise overview of new institutional, contingency, and New Public Management theories pertinent to the current research was provided. Then, the theories employed in the present research and the justification behind theoretical pluralism were discussed. Following the theoretical framework, a concise table was also presented in

Section 4.5 to facilitate our understanding of the mainstream theories in IPSAS and PSA research. The chapter outlined the conceptual framework of the present research, covering the hypothesis, model development, and details of the questionnaire, including the source of the questionnaire items, in accordance with the theoretical frameworks.

Chapter 5 provided a brief overview of the research methodology and methods adopted by the researcher to conduct the current study. The first section explained the research philosophy and methodology used, along with the rationale for applying mixed methods to the present study. Following, the chapter outlines the research design and data collection approach used to achieve the study objectives. The next section of the chapter explained the analysis techniques for both qualitative and quantitative data. Moreover, the ethical foundation of the research was also mentioned in this chapter.

The present study utilized an explanatory sequential mixed-methods data analysis methodology. **Chapter 06** began with the quantitative phase. The validity and reliability of the measurement model were evaluated in the initial step of the structural equation modeling (SEM) analysis. The resilience of the measurement model was assessed by factor loadings, composite reliability, and average variance extracted (AVE) techniques. After confirming the accuracy of the outer model (measurement), the analysis advanced to the inner model (structural) phase. This phase examined the interconnections among latent variables to substantiate the presented hypotheses. Following the quantitative phase, interviews with purposefully chosen respondents who had completed the questionnaire, together with the key informant interview, were studied using a thematic narrative qualitative data analysis technique. Afterward, the KII details and the interview responses were evaluated and discussed in line with the theories. The triangulation of the research findings was shown at the end of the chapter to justify their robustness.

Chapter 07 presented the key findings of the study in relation to the research questions. Afterward, the policy implications, along with an accrual-based IPSAS implementation roadmap for the LG of Bangladesh, were given. It also provided several suggestions based on the study experience. Then, the limitations of the study were outlined, and the chapter concluded with remarks and directions for future research.
The reference and appendix sections were provided at the end of the thesis.

1.11 Chapter Summary:

The chapter initially presents relevant information that defines the problem statement. The local government of Bangladesh practices a cash basis accounting system. The system significantly deviates from international standards. Thus, it is essential to shift from the current cash-based practices to an accrual system. But the local governments faced difficulties in executing the expected PSA reform. Therefore, the present research intends to examine the factors influencing the accrual reform in the LG of Bangladesh and the perceived benefits associated with these reforms. The chapter then explains the justification and motivation for the present study attempt. The FRC of Bangladesh has recommended that SPAs conform to five levels of reporting criteria based on their volume of financial operations. So, implementing the accrual basis in local government is now a concrete reality. The chapter presents additional evidence that each nation's circumstances and situations are different. Therefore, making the research endeavor relevant and timely. Hence, the first chapter explicitly expresses the foundation for the present research.

Chapter 02: Accounting Practices in the Local Government of BD

2.1 Introduction

Over time, the Public Financial Management (PFM) system in Bangladesh has undergone various changes and reforms. However, it still retains the fundamental structure inherited from British colonial rule (Chowdhury, 2022). The operation of government accounting as well as reporting in Bangladesh is primarily controlled by the account code and various statutes and directives, including relevant provisions of the Constitution, the 1974 Comptroller and Auditor General (CAG) Act, the 1984 CAG (additional functions) Amendment Ordinance, the General Financial Rules and Regulations (GFRR), and the Treasury Regulations. The Controller General of Accounts (CGA) is a centralized entity entrusted with overseeing the budget of the budgetary central government (BCG). It functions under the patronage of the Ministry of Finance. Despite the existence of many ministries, each with various divisions and directorates, they all operate under a single central budget, a unified depository account, and a centralized reporting and recording system. All of the ministries, divisions, and directorates under the ministries together are called the Budgetary Central Government (BCG). Another important category of public sector organizations that also provide non-marketable services is known as the extra-budgetary central government, also sometimes referred to as Statutory Public Authorities (SPAs). However, all types of PS entities that provide non-marketable services do not have the same accounting practices; for example, local government (LG). LG's features are neither like BCG nor like other SPAs. It possesses unique features.

Local government is an essential segment of central government. The importance of local governments (LGs) in a nation's progress is remarkable. LGs facilitate the education of individuals regarding democratic values, resource optimization, strategic planning, and the enhancement of public services. Local governments are autonomous entities, each LG unit possessing unique characteristics and responsibilities. Consequently, the budgeting, recording, maintenance of accounts, and subsequent reporting of these distinct organizations are different from those of other types of SPAs. Considering the services and the operational volume, the governments of developing nations have consistently pursued policies to enhance the capacity of these institutions (Chowdhury & Panday, 2018c). In Bangladesh, the LGRD (Ministry of Local Government, Rural Development and Cooperatives) is one of the ministries that spends a significant portion of the national budget. Since independence, successive governments have implemented numerous reform initiatives to develop these institutions (LG). As the central leaders want to strengthen their political power base at the local level, most of these reforms focused on structural reform rather than enhancing transparency and accountability (Chowdhury & Panday, 2018a; Saha et al., 2022).

In this context, the present chapter mostly focuses on the accounting practices of LG in Bangladesh. To comprehend the accounting practices of the LG of Bangladesh, the chapter first provides a fundamental understanding of the public sector and public financial management (PFM) practices in Bangladesh. The chapter offers essential insights regarding LG. Afterward, it presents the existing local government accounting systems and their deviations from international standards.

2.2 Public Sector of Bangladesh

The Public Financial Management (PFM) of Bangladesh has inherited a well-organized management system from its historical legacy of British India, which has been in place since the late 19th century. Throughout the 20th century, significant historical events like the independence of India, Pakistan, and Bangladesh emerged. With the transition of regimes and the passage of time, the Public Financial Management (PFM) system in Bangladesh has evolved as well. Bangladesh is an independent nation that does not have a system of states or provinces, similar to India or the USA. The scope of authority of the PS in Bangladesh can be categorized into two major domains or sectors: General Government and Public Corporations. The General Government exercises sole jurisdiction over all other sectors, including both public and private entities. The concept of General Government encompasses both the Central Government and the Local Government. The Central Government, in turn, is classified into two categories: the Budgetary Central Government (BCG) and the Extra-Budgetary Central Government (EBCG) (Chowdhury, 2022; Debnath, 2022). The general government exercises its influence on other sectors by employing legislative tools such as acts, laws, regulations, directives, and gazette notifications to ensure that people receive improved and efficient services from the PS.

Budgetary Central Government (BCG) comprises entities and units with revenue and expenditure controlled through a budget that the parliament authorizes. The BCG typically refers to a unified entity inside the central government that combines the core functions of the national executive, legislative, and judicial branches. The primary responsibility of the BCG is to collect and spend revenue. The implementation of its laws is another significant obligation of the BCG. It includes a secretariat, ministries, divisions, and associated directorates in an institutional framework. The Ministry of Finance exercises control and regulation over the revenue and expenses of the BCG through a budget authorized by parliament, by enacting two pieces of legislation known as the Finance Act and the Appropriation Act.

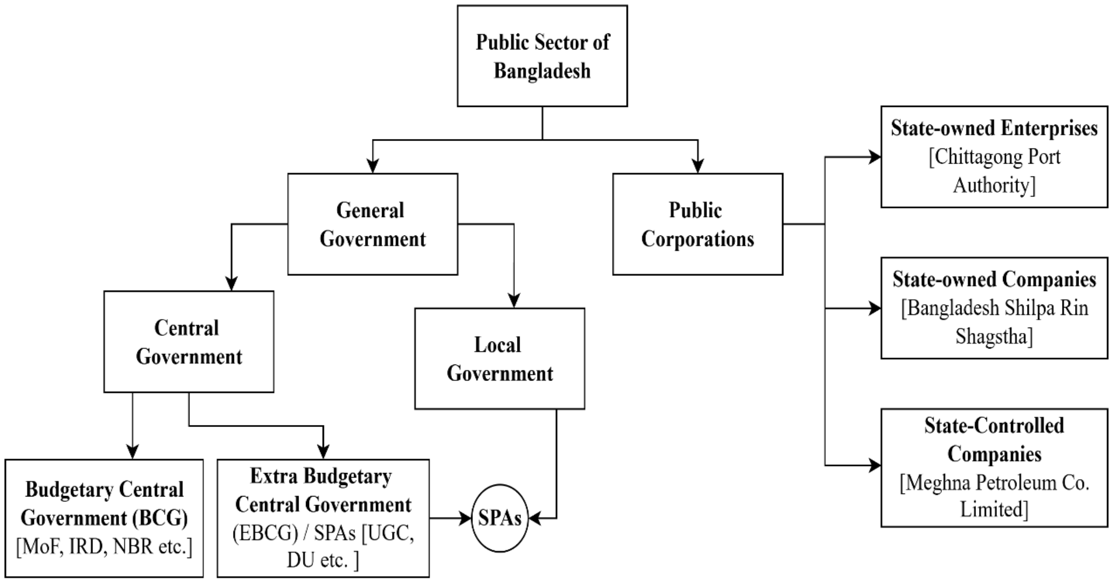


Figure 03: Public Sector of Bangladesh

Extra Budgetary Central Government (EBCG) comprises entities constituted either by specific legislation or by an existing law in force. EBCG is sometimes called Statutory Public Authorities (SPAs). EBCG refers to any authority, corporation, commission, or entity authorized by an Act, Ordinance, Order, or instrument with the force of law. The EBCG includes autonomous bodies that have been constituted in the parliament through the enactment of a law under the administrative supervision of a ministry. EBCG or SPAs are referred to as extra-budgetary because they have their own separate budgets and are not completely funded by the central budget. EBCG entities have distinct jurisdiction and have functional autonomy as outlined in the specific legislation of the SPA. SPAs may generate revenues, which could be complemented by budgetary support from the central budget. Furthermore, their budgets may be required to undergo scrutiny and approval by the concerned ministry to which they are assigned. EBCG is free to determine the' nature, extent, and makeup of its expenses, as well as the recruitment of employees. However, the central government may intervene and assist through the ministries with which the SPA is associated. The budgetary assistance provided to them is incorporated into the budget of the corresponding ministry to which they are affiliated.

Table 01: Types and Nature of PS (General Government and EBCG)

LG Category		Nature, purpose, & Example
General Government	**A. Budgetary Central Government** (Ministries, divisions, departments, directorates)	• Providing Non-Marketable Service. • Guided by the Constitution. • Tax Earning Entity. • Ministries, directorates, and departments have one central consolidated fund, budget, and reporting. • e.g., Finance Ministry, IRD, NBR
	B. Extra Budgetary Central Government (Autonomous Bodies, statutory Public Authority, Council, Commission, etc.) 0r Statutory Public Authority	• Providing Non-Marketable Service. • Established through the Act • Non-profitmaking. • Use the term Fund. • Make their own recruitment and have functional autonomy. • Entity's individual budgeting & reporting practices. • e.g., UGC, DU.

Source: Author Made

Local government is a component of the broader government structure, responsible for carrying out its duties within the smallest designated boundaries. LG functions as a representative of the national government. LG institutions offer their services directly to residents in their specific areas.

Table 02: Types and Nature of PS (LG)

LG Category	Nature, purpose, & Example
Local Government	• Providing Non-Marketable Service. • Established through the Act • Run by Elected Public. Representatives. • Make their own recruitment and have functional autonomy. • Tax Collection Authority. • Non-profitmaking. • Use the term Fund. • Entity's individual budgeting & reporting practices.

	• Have a similar nature to the EBCG, and also possess many features of BCG. • e.g., City Corporation, Paurashava, Upazila, etc.

Source: Author Made

Therefore, the services provided by the LG are more effective and efficient as they serve specific regions and are closely connected to the citizens. As per Article 59 of the Constitution of Bangladesh, the responsibility of local administration will be entrusted to bodies consisting of elected public representatives, and their services are specified by the law. Furthermore, according to Article 60 of the constitution, local governments possess the power to levy taxes to cover their local needs, are authorized to formulate their budget, and are responsible for managing their funds. Therefore, the LG functions similarly to a fully empowered government, except that it lacks a few legislative authorities. LG receives revenue from several sources: taxes (holding tax, land development tax, municipality tax, etc.), utility bills, license fees, fines, and leasing government property (land, building, marketplace, etc.). Besides, LG heavily relies on the budgetary support from the central government (Debnath, 2022).

Public corporations (PCs) are legal entities created through specific legislation, such as an act of parliament or a presidential order (PO). A Public Enterprise (PE)/Corporations refers to a company or firm that is incorporated or registered and in which the government holds a minimum of fifty per cent share or interest (FRC, 2023). The PC's authority, purpose, limitations, and other aspects are determined by the legislation that establishes it. Corporations of this nature are run by a board of directors appointed by the government. PCs are an independent legal organization that holds financial independence. PCs have the authority to engage in contractual agreements and conduct economic activities under their name. The BCG provides financial support, and Corporations are answerable to the board of directors. At the same time, parliament has the authority to deliberate on policy topics and assess the overall performance of the corporations. Public corporations have some form of parliamentary accountability, although parliament has limited involvement in their operations. The employees of the PCs are hired, compensated, and managed (including promotions, training, and transfers) according to the regulations of the corporation (Debnath, 2022). A public corporation may be either of the following forms:

Table 03: Types and Nature of LG (Public Corporation)

State-owned Enterprises	• Self-financing commercial enterprises. • Statutory corporations. • Earning profit. • Capital/owner's equity. • Chittagong Port Authority.
State-owned Companies	• Established under the Companies Act. • Earning profit. • Capital/owner's equity. • e.g., Bangladesh Shilpa Rin Shagstha.
State-Controlled Companies	• The government has a majority Share • e.g., Meghna Petroleum Co. Limited.

Source: Author Made

2.3 The Evolution of Local Government in Bangladesh

The local government structure in Bangladesh has its origins in the historical periods of the Indian Subcontinent, as well as in British colonial rule and Pakistani rule. However, the level of independence and the extent of their responsibilities varied significantly (Khan, 1993). The major foundations of the current LG system in Bangladesh are linked to the enactment of the Chowkidar Panchayat Act of 1870, followed by the Bengal Local Self-Governed Act of 1885. The present LG structure has a rich historical background spanning thousands of years. Hence, the existing local government system has an age-old history of changes, development, and turbulence (Talukdar, 2009). The table below illustrates the historical development of the local government in Bangladesh.

Table 04: The Evolution of LG

Regime & Period	Year	Major Reform Initiatives
A. Ancient Period:	2300 BC-1525AD	Systematized local life, A chief executive officer was chosen to perform regional administrative jobs, A council governed towns, the Creation of Village assemblies, etc.
Ancient Period: Mughal Empire	1526 AD - 1686	- The headman or Muqaddam was kept accountable for upholding law and order. - The Panchayat was the key authority over the village officers and servants.

(1526–1757 AD)		- Municipal Government was entrusted to the Kotwal.
	1687	The city of Madras formed its first local governing body.
	1720	A royal charter was proclaimed to create a mayor's court in Madras, Bombay, and Calcutta.
B. Colonial Period: British Empire **(1757-1947)**	1793	The Governor-General in Council was given the power to keep the peace.
	1850	An act was enacted mandating municipal committees to enhance public health and welfare arrangements, and permitting the levying of indirect taxes.
	1864	The Bengal Municipal Act formulated the initial municipalities in the present-day Bangladesh.
	1870	- The Bengal Chowkidari Act was formulated. - Lord Mayo's resolution enacted.
	1882	Lord Ripon's resolution was issued.
	1888	The Municipal Corporation Act was enacted in Bombay City.
	1907	Formed the Royal Commission on Decentralization.
	1917	Announced that Indians should be included in every government division.
	1919	Enacted the Bengal Village Self-Government Act.
	1919	The Government of India Act was issued.
	1932	The Bengal Municipal Act of 1932 facilitated increased participation of elected officials in municipal entities and strengthened the powers and responsibilities of civil authorities.
C. Post-Colonial Period: **i. Pakistan Regime**	1947-1971	- Forced martial law and familiarized with Basic Democracy. - LG operated under A four-tier hierarchy. - The Union Council was to deliver the power to impose taxes.

Period: ii. Post-Independence Period (1971- now)

Regime	Year	Major Reform Initiatives
(1971-1975) Sheikh Mujibur Rahman	1972	- Eliminated local government councils through the Bangladesh Local Councils and Municipal Committees (Dissolution and Administration) (Amendment) Order 1972. - The Amendment to the Bangladesh Local Councils and Municipal Committees (Dissolution and Administration) Order 1972 abolished local government councils.
	1973	Renamed the name of Union Panchayet to Union Parishad. A Vice-chairman post was also made.
	1973	Union Parishad elections were started.
	1974	Dhaka was announced as the Dhaka Municipal Corporation.
	1975	- Stated the founding of a District Governorship structure. - The formation of a compulsory multi-purpose cooperative society in each village.
(1975-1981) Ziaur Rahman	1976	Local Government Ordinance established three tiers of LG: Union Parishad at the Union level, Zilla Parishad (ZP) at the District level, Thana Parishad at the Thana level.
	1978	- A notice shaped the Thana Development Committee parallel to the Thana Parishad. - The Vice-Chairman position was abolished, and an elected Zila Parishad was initiated.
	1980	- Village-based LG organizations were made. - The Local Government (Amendment) Act stated the Swanirvor Gram Sarker administrative procedure.
(1982-1990) Lieutenant General H.M. Ershad	1982	- Abolished the Gram Sarkar. - Local Government (Thana Parishad and Thana Administration) Reform Ordinance approved. - Made Upazila Parishad, before known as a thana.
	1983	Union Parishad Ordinance enacted.
	1988	The Act of 1988 was passed for the Zilla Parishad.
Care Taker Government	1991	- The tasks of the Zila Parishads were adjourned, and the chairman was detached. - Removed the Upazila Parishad and set up the "Local Government Structure Review Commission".
(1991-1996) BNP, Begum Khaleda Zia		
	1993	The Local Government (Union Parishad) (Amendment) Act, 1993, was approved to replace the Union Parishad Act.
	1994	The mayor and Ward Commissioners were elected by direct vote.
(1996-2001) Bangladesh Awami League, Sheikh Hasina	1996	The Local Government Commission was created in September.
	1997	- In May 1997, the committee proposed a four-tiered rural local government organization. - The ZP at the district level, the Gram Parishad at the

		ward level, the UP at the union level, and the UPZ at the Upazila level. - The Government acknowledged the whole of the proposals. - The Gram Parishad Act of 1997 was enacted; however, it was later canceled by the Apex Court.
	1998	Returned to the Upazila Parishad
	1999	- The direct election of Women Commissioners for kept seats in the City Corporation and Paurashava was started. - Paurashava budget rules were formulated.
	2000	The Zilla Parishad Act of 2000 was passed, repealing the previous act.
(2001-2006) BNP, Begum Khaleda Zia	2003	Enacted the Local Government Act (Gram Sarkar Ain) 2003. Though the Supreme Court altered.
(2007-2008) Army-supported caretaker government	2008	- Gram Sarker was removed on April 20, 2008 - Meaningfully changed the UP Act of 1998 - Required UPs to conform to the recommendations of MPs as advisors.
(2008- August, 2024) Bangladesh Awami League, Sheikh Hasina	2009	- The Gram Sarkar and the Local Government Commission were removed. - The Local Government (Union Parishad) Act, Local Government (Paurashava) Act, Local Government (City Corporation) Act, and Upazila Act were promulgated in 2009. - The Upazila Act of 1998 underwent amendments. - A new role of vice-chairman was established for women.
	2009	Rules for spending and making Upazila revenue, as well as regulations for Upazila development funds, were approved.
	2010	- The Amendment Act was passed on the Paurashava and the Union Parishad. - The ministry gave UP ADP budget spending guidelines.
	2011	- The City Corporation Amendment Act was enacted, granting the government the authority to appoint a temporary administrator for the city corporation. - The Upazila Parishad Amendment Act was passed. The amendment granted citizens the right to acquire any information regarding the Upazila Parishad upon request.
	2012	The ministry proclaims the Union Parishads Accounts rules.
	2014	Paurashava Adarsha Kor Tafsil Rules, 2104, proclaimed.

	2015	The Upazila Parishad Amendment Act stipulates that candidates for chairman and vice-chairman must contest elections either as representatives of a political party or as independent candidates.
	2016	- The ministry delivered UPZ accounts and Audit rules. - The Zila Parishad Amendment Act, passed, gives the administrative executive power to the chairman.
	2017	- The SRO proclaims the Zila Parishad Budget Rules and asset management rules. - Paurashava Adarsha Kor Tafsil (Amendment) Rules, 2107 proclaimed.
	2019	The Zila Parishads Amendment Act was passed, related to the treatment of funds and the special fund.
	2020	- The ministry provided UPZ with revenue budget spending directions. - The ministry gave the city corporations' annual report preparation guidelines.
	2022	- The Zila Parishad Additional Amendment Act was passed, making a few major changes in the structure and operation procedure of Zila Parishads. - The Paurashava Amendment Act was passed and opened the provision of appointment of the administrator, among other changes. - The FRC recommended the five levels of reporting guidelines based on the volume of operation of SPAs, including LG.
	2023	Paurashava ADP budget management guidelines were provided.
August 2024 - Now Interim Government	2024	The Interim Government has been working to formulate major reforms for a sustainable LG structure, and an eight-member reform commission has been formed, headed by Professor Tofael Ahmed.

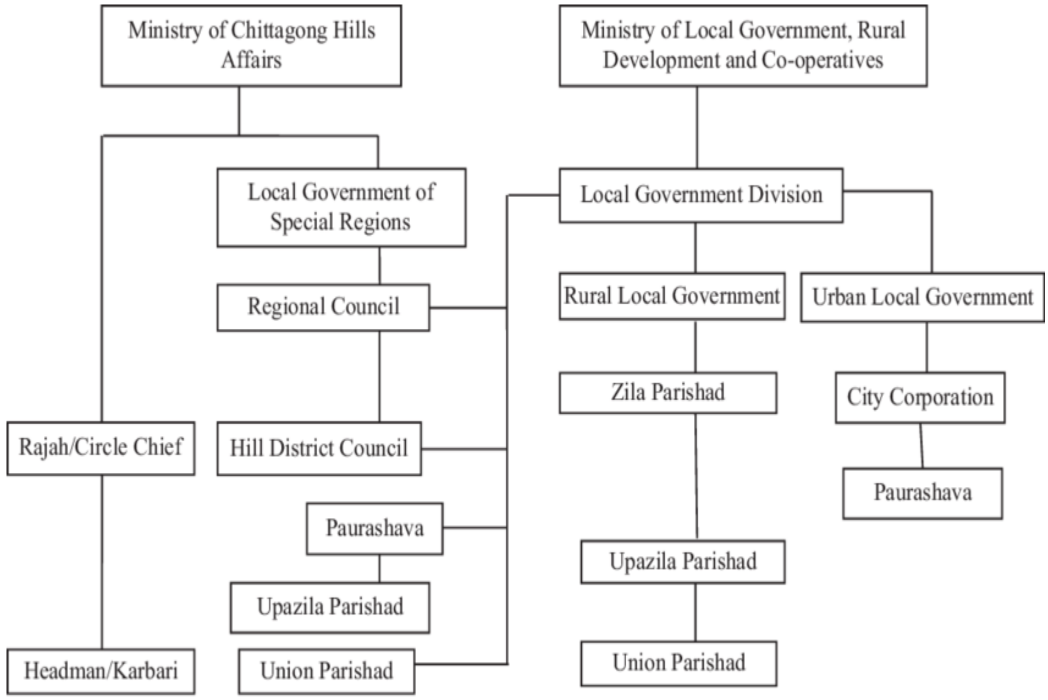
Source: Saha et al. (2022)

The local government in Bangladesh has existed in the subcontinent since ancient times, but emerged as a representative entity during the British colonial regime in India (Barkat et al., 2015). The LG administration has achieved a few advancements over the past fifty years. The reasons for the limited success can be attributed to the fact that, both before and during Bangladesh's independence, each government strived to modify the framework of local government entities to consolidate its influence at the local level (Chowdhury & Panday, 2018c). The reformation is not primarily for the actual decentralization of local governance but rather due to numerous factors. Mainly, to establish a solid base of support for the ruling party among the general population, all subsequent governments attempted to develop institutional support at the local level that aligns with their political objectives. The colonial influence remains almost unchanged, even though it has been passed down through subsequent reforms. As a result, most reform endeavors have failed to significantly enhance the standard of living for local citizens or gain public trust. The level of citizen participation in LG decision-making is also inadequate. Hence, the unforeseen consequences of the reformation are evident, as there is still a significant influence of the donors after the post-colonial era (Saha et al., 2022).

Different governments of Bangladesh have changed their perspective on LG. In recent times, a true democratic and accountable LG is seen as the focal point for progress in the Poverty Reduction Strategy Paper (PRSP), the National Rural Development Policy (NRDP), and the Sixth Five-Year Plan (SFYP). Therefore, the enhancement of local government institutions has persistently been a crucial concern (Chowdhury & Panday, 2018c) For the governments of developing nations. The evolution of the LG reform indicates that the majority of these were structural reforms. However, during the past decade, we have observed several deliberate changes to enhance the accountability and transparency of LG. Yet, these attempts are inadequate to meet or harmonize LG reporting practices with global standards and to attract more donor funding in LGs. Therefore, to optimize the effectiveness of local government, local politicians must prioritize the objective of good governance rather than relying on externally imposed transformation (Saha et al., 2022).

2.4 Current LG Types, Financing Source, and the Relationship of LG with BCG:

Numerous reforms have contributed to the current state of LG in Bangladesh. At present, the local administration is structured into three distinct areas, each with its own set of duties: rural, urban, and hill (Barkat et al., 2015). The urban authority consists of 12 city corporations and 329 Paurashavas, including six hill district Paurashavas. In rural local government, there are 64 Zila parishads, including 03 Hill District Councils, 495 Upazila parishads, and approximately 4,578 Union parishads. Furthermore, the three hill districts' respective LGs are overseen by the Hill District Council as per the Peace Accord and the Hill District Council Act of 1998 under the guidance of the Ministry of Hill Affairs alongside the LGRD ministry. The primary governing bodies in rural areas are the Zila parishads, the Upazila parishads, and the Union parishads, serving as the intermediate and lower levels of authority.



Source: Barkat *et al*. (2015)

Figure 04: The LG of Bangladesh

The local government is an independent entity constituted by designated legislation. Thus, it possesses functional autonomy. It has the authority to levy taxes. In addition to taxation, the central government offers budgetary assistance to local governments through various means. The primary sources of financing for these organizations include grants from the central government, donor project funding, taxes and fees from local inhabitants, and a limited number of additional revenue sources. The major revenue sources are direct funding from the central budget via the ministry, which includes both the Annual Development Program (ADP) and the Revenue budget for employees decided by the ministries. In addition, it also receives a significant portion of funds from the respective territory sub-registry office, which is imposed on the total tax collection from land dealings at a fixed percentage. Further, LG receives donors' support through various projects.

The LG is assigned to the LGRD ministry. The LGRD ministry approves its budget, overseeing its development and maintenance. The LG formulates its budget by considering all expenses and income, including central government funding and donor support, and keeps its own accounting records. LG provides financial reports to the concerned ministry as well as different administrative organs of the central government, like the District Commissioner's Office and the Divisional Commissioner's Office. The LGRD ministry issues numerous guidelines, SROs, and circulars regarding various operational matters of local governance. Furthermore, the Ministry of Finance and the Ministry of Planning sometimes give directions to the respective Local Government through the Ministry of LGRD if necessary. The budget support provided by the LGRD ministry from the central government is documented through the respective LG territory Controller General of Accounts (CGA) office. Furthermore, the audit matters are overseen by the office of the Comptroller and Auditor General (CAG). LG not only takes financial support from the central government but also backs the BCG in executing fiscal policy and advancing Sustainable Development Goals (SDGs) through various initiatives. In short, LG functions as an indispensable component of the central government. Additionally, it assists in upholding law and order and performs its activities as per ministry guidelines and as specified in the law under which it was established. Therefore, the relationship between the central and local governments is very significant, as both can influence each other.

2.5 Structure of Fiscal Administration in Bangladesh

The Ministry of Finance (MOF) is a crucial entity in overseeing public finances. It is accountable for numerous government finance activities, such as preparing the yearly budget, managing fiscal affairs, handling debt, implementing taxation, and formulating economic policies. The central bank supervises the activities of financial institutions, and it formulates, executes, and manages the government's public spending policies and programs, as well as prepares and maintains the monetary policy of the country to support the fiscal policy of the BCG. The MOF, along with other relevant ministries and divisions, is responsible for formulating the Medium-Term Budgetary Framework (MTBF) and the annual budget. In addition, MOF collaborates with the Planning Commission, National Board of Revenue (NBR), Bangladesh Bank, and other key organizations to design and update the long and medium-term macroeconomic framework.

2.6 The Basis, Structure, and Operations of Government Accounting of Bangladesh

The use of cash-based government accounting in Bangladesh can be traced back to the colonial era. The regulations primarily rely on a series of codes known as Account Code (Volume I-IV) that are published by the CAG following Article 131 of the Constitution.

After the independence of Bangladesh, various measures were implemented to reform the accounting system and financial management. The accounting functions, which were formerly carried out by the treasury department under the district administration, have now been transferred to the Accounts Office. These offices are now under the administrative authority of the CGA (Khan, 2022).

Table 05: Accounting Basis, Responsibility of Setting Standards and Auditing in BD

Public Entity Types	Present Accounting Basis	Responsibility of Setting accounting standards	Responsibility of setting standards and Auditing
Budgetary Central Government (Ministries, divisions, departments, Directorates)	Cash Basis	CAG	CAG
Extra Budgetary Central Government (Autonomous Bodies, statutory Public Authority, Council, Commission, etc.) or Statutory Public Authority	Cash Basis	FRC	CAG
Local Governments (LG)	Cash Basis	FRC	CAG
State-owned Enterprises	Accrual Basis	FRC	CAG
State-owned Companies	Accrual Basis	FRC	CAG
State-Controlled Companies	Accrual Basis	FRC	CAG

The CGA office performed its activities under the guidance of OCAG. Now, CAG sets standards for the BCG and conducts audits in all types of PS entities. And FRC is entrusted with the job of formulating and setting reporting guidelines for SPAs, including LG, since its establishment in 2015.

According to Article 87 of the Constitution of Bangladesh, the government must provide a summary of projected income and expenses for each financial year (from July 1 to June 30), referred to as the Annual Financial Statements.

2.7 Evolution of Accounting Practices in the Public Sector and LG of Bangladesh

Since the independence of Bangladesh, successive governments have been consistently implementing many PFM reform initiatives. The current phase of PFM reform started in 1989 with the establishment of the Committee on Reform in Budgeting and Expenditure Control (CORBEC). The Reform in Budgeting and Expenditure Control (RIBEC) initiative, sponsored by DFID (Department for International Development), United Kingdom, was initiated in 1995 and concluded in June 2002 based on the committee's suggestion. In 1998, RIBEC implemented a new digital categorization chart consisting of 13 digits. This chart was designed to support the automation process of the government accounting system in Bangladesh. The Financial Management Reform Program (FMRP) was begun in 2003 and remained operational until September 2009. FMRP introduced an internally developed software called the Integrated Budget and Accounting System (iBAS) to automate government budget and accounting processes nationwide (Khan, 2019).

The current reforms in Public Financial Management (PFM) are founded on the utilization of coding systems for accounts. The Public Sector Accounting (PSA) framework was developed from coding systems. In 1938, the initial manual coding system was implemented for Public Sector Accounting in Bangladesh. Afterward, there have been other evaluations conducted on the coding framework, specifically in the years 1983, 1988, and 1989. Originally, code classification was limited to four digits since 1938 and was done manually. However, in 1998, there was a significant modification in the code classification system. This change involved incorporating 13 digits into the codes to facilitate their integration into an automated system. The Integrated Financial Management Information System (IFMIS), known locally as iBAS++, was implemented in 2006 to automate the PFM of BCG. The most recent crucial reform, the 56-digit code categories, was unveiled in 2018 (Khusru et al., 2022). The Budget and Accounting Classification Manual (2017) of MOF refers to the recently created 56-digit CoA (Chart of Accounts) as the Budget and Accounting Classification System (BACS) (Khan, 2019). The implementation of coding, BACS, or IBAS undoubtedly improves the operating efficiency of the PFM system in Bangladesh. Nevertheless, it is not substituting the conventional cash basis system. Furthermore, these account codes, classifications, or digitization have not been implemented in the majority of the SPAs.

Historically, all local government institutions have followed a cash basis for accounting since the British era. The traditional accounting framework is regulated by the BENGAL MUNICIPAL ACCOUNT Rules, 1935, promulgated on November 21, 1935, by the Government of Bengal in accordance with the BENGAL MUNICIPAL ACT, 1932. Furthermore, following the enactment of the Bengal Municipal Account Rule of 1935 by local authorities in Bangladesh, there has been no substantial legislation from either the Pakistan regime or post-independence governments to establish rules or regulations for municipal accounting and financial management for any local entity in Bangladesh until 2022. Thus, the practices continue to this day. Meanwhile, the FRC has possessed the legal rights to establish financial reporting criteria for SPAs since 2015. In 2022, the FRC introduced new accounting practice guidelines for the LGs. Nonetheless, LGs continue to stick to the cash basis of accounting and manual accounting systems.

2.8 Accounting Practice Guidelines for the Public Sector of Bangladesh

Khan (2022) stated that

> "Existing national standards mainly include Article 131 of the Constitution, which empowers the Comptroller and Auditor General of Bangladesh to decide the forms and manner of the public accounts with the approval of the President. The second important document is the Account Code (1997), which is followed to ensure proper accounts keeping."

The Controller General of Accounts (CGA) in Bangladesh supervises government accounts and compiles financial statements (FS) at the end of each fiscal year. The Office of the Comptroller and Auditor General (CAG) establishes the procedures and standards for accounting practices in the BCG and conducts audits of the government's financial records.

Since 2015, the Financial Reporting Council (FRC) has had the legal right to adopt the standards for financial reporting of all SPAs, including City Corporations, Paurashava, Zila, and Upazia Parishad, which were previously set by the Comptroller and Auditor General (CAG). Now, CAG looks after the audit of the SPAs.

2.9 Constitutional and Legal Framework for PSA in Bangladesh

It is worth quoting Chowdhury (2022) here. The former CAG of Bangladesh stated that

> "The legal framework of a country not only includes a set of laws and rules but also encompasses the structures of the government and its organizations. In Bangladesh,

the Constitution, the mother law of the country, stands at the highest peak of the legal framework. Other laws and rules occupy their relevant position according to the hierarchy in the framework, such as 1) the Public Money and Budget Management Act, 2009; 2) the Comptroller and Auditor General (additional functions) Act, 1974; 3) the Public Procurement Act, 2006; 4) the Account Code; 5) the Audit Code; 6) the General Financial Rules; 7) the Treasury Rules; 8) the Rules of Business, 1996 and the Allocation of Business; 9) the Rules of Procedures of the Parliament; 10) the Public Procurement Rules, 2008; 11) the Delegation of Financial Powers and other executive orders of the Government."

In addition to the above laws, the legal frameworks of the SPAs, including LG, are primarily determined by the governing law of their establishment. Moreover, SPAs also comply with the regulations and directives of their corresponding designated ministries. Meanwhile, it also conforms to the Public Procurement Act, Treasury Rules, and General Financial Rules.

2.10 The Role of CAG

The Office of the Comptroller and Auditor General of Bangladesh serves as the highest authority for auditing and overseeing financial matters in the country, making it the Supreme Audit Institution (SAI) of Bangladesh. The OCAG was founded in 1973 as a constitutional institution. Its purpose is to carry out comprehensive audits of all government departments, offices, public organizations, and public corporations. The principal duty of the Auditor General is to audit the expenses of government departments, such as the civil service, defense service, local governments, and public health. Additionally, CAG is expected to carefully examine the audited financial statements of government-owned companies before they are published in the official gazette. CAG sets the accounting standards and practice guidelines for BCG. The office of the CGA records the financial transactions and prepares financial statements for the BCG. CAG conducts a financial and compliance audit in BCG. And provides an audit report to the PAC (Public Accounts Committee). In contrast, for all other public sector entities other than BCG, CAG mainly conducted compliance audits. However, in recent times, OCAG also started the financial audits for SPAs on a pilot basis.

2. 11 The Role of FRC for SPAs

The Financial Reporting Act (FRA) was enacted in September 2015. The Financial Reporting Council (FRC) was created in accordance with section 3(1) of the FRA 2015 through the Gazette Notification on April 23, 2016. As stated in section 7 of the FRA 2015, the Financial Reporting Council (FRC or Council) has the following general objectives: (a) Establishing guidelines for the accounting and auditing profession, including standards for ethics; (b) Enhancing the quality standards of accounting and auditing services; (c) Developing accounting and auditing practices; (d) Ensuring that auditors registered with the Council poses the highest levels of accounting and auditing standards; (e) Improving the reliability of financial reports; (f) Promoting integrity and transparency in the professional activities of accounting and auditing, and collaborating to enhance their capabilities; (g) Encouraging public interest entities to prepare high-quality reports on financial and non-financial information (Bala, 2017).

According to section 44 of the Financial Reporting Act (FRA) 2015, every organization that is considered a "public interest entity" is specifically specified in section 2(8) of the Financial Reporting Act 2015, upon the enactment of the FRC Act, if a public interest entity is required by any other law to prepare financial statements, it must ensure that these statements are audited following that law and by an auditor registered under this Act by the Council. The FS must also be prepared in accordance with the financial reporting standards, code, directives, rules, or regulations established under the FRA Act, 2015 (FRC, 2023).

FRC is constituted in the following way:

> "A body with 11 members under section 5: Chairman of FRC appointed by government being the Chief Executive, one Additional Secretary from any of the Divisions under MoF nominated by the government, one Additional Secretary nominated by Ministry of Commerce, one representative nominated by the Comptroller and Auditor General (CAG) of Bangladesh, one Member nominated by the Chairman of NBR, one Commissioner nominated by the Chairman of Bangladesh Securities and Exchange Commission (BSEC), President of ICAB or a professional accountant (PA) nominated by him, President of ICMAB or a PA nominated by him, one professor from the Department of Accounting of a public university nominated by the government, President of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) or a representative nominated by

him, and one Executive Director (ED) being the Member-Secretary of FRC nominated by the FRC's Chairman" (Bala, 2017).

In 2022, the Financial Reporting Council (FRC) recommended a set of standards that would be applied to regulatory agencies, public universities, state-owned corporations, councils, trusts, and boards to enhance transparency within these entities. FRC also monitor the activities of the country's Chartered Accountants and Cost and Management Accountants (Akter, 2024).

2.12 IBAS++ and ICT Status in the PS of Bangladesh

iBAS++ is a software system that manages budgets and accounting for the government. It was an automated system that operated on a Local Area Network (LAN) and connected with DCA (Divisional Controller of Accounts) / DAFO (Districts Accounts and Finance Office) / CAFO (Chief Accounts and Finance Office) offices across the entire country. It allows for the electronic recording of financial events. The system consists of four segments: budget planning, budget execution, accounting, and the general ledger. In April 2009, the Deepening of the Medium-Term Budgetary Framework (DMTBF) and Strengthening of Financial Accounting Projects were implemented as part of the Strengthening Public Expenditure Management Program (SPEMP). A multi-donor Trust Fund funded these projects. The new Budget and Accounting Classification System (BACS) is an enhanced version of the Integrated Budget and Accounting System (iBAS), which has been developed and modified as part of these initiatives. Following the conclusion of the SPEMP, the Government of Bangladesh (GOB) proceeded with a reform project known as the Public Expenditure Management Strengthening Program (PEMSP), which has been financed by the GOB since 2014.

The recently created 56-digit BACS and IBAS++ were not put into operation until July 2018. The Bangladesh Government introduced the newly built Budget and Accounting Classification System (BACS), attached with the enhanced version of the Integrated Budget and Accounting system (iBAS++), in 2018. The implementation of BACS and iBAS++ is widely regarded as a significant milestone in the PFM reforms in Bangladesh (Khan, 2019). Once fully integrated into iBAS++, the BACS will serve as a strategic instrument for the PS of Bangladesh, connecting policy, planning, budgeting, and accountability to achieve desired outcomes. It will be a crucial component of a comprehensive performance management, monitoring, and evaluation system. This will be accomplished by strengthening the organizational code inside the departmental unit and local offices that are responsible for delivering services (Khusru et al., 2022). Therefore, the iBAS++ is a remarkable edition in PFM of Bangladesh. iBAS++ enhances the efficacy of the PSA and saves time, but it does not change the accounting basis or comply with IPSAS. Nevertheless, it will accelerate the accounting reform in the future.

Moreover, iBAS++ does not extend to the LG units. LGs maintained manual accounting records. Besides, a few LGs who perform tasks through desk-based software in accounting departments also keep manual records due to audit objections. Furthermore, the CoA has not been initiated in LG, except for a limited number of City Corporations and Paurashavas. The absence of CoA and the auditor's demand for manual records also make the automation process difficult in LG.

2.13 Accounting Practices in the LG of Bangladesh

The details of the accounting procedures in the LG of Bangladesh are given in the present section of the chapter. The background and legal foundation for accounting and budgeting procedures are provided in the first part of the section. The next section includes information on the budget planning process because LG's accounting procedures are primarily budget-based. The current section then moves to the current basis for accounting practices, the recording procedures in LGs, and the important books of accounts they maintain. The financial statements and auditing procedures in the respective LG are then covered. Afterward, some other information concerning the accounting practices of the LG is given.

2.13.1. Legal Framework

2.13.1.1 City Corporation (CC)

The existing city corporations (CCs) in the country were established by diverse laws and under various scenarios. However, the Local Government (City Corporations) Act 2009, commonly referred to as the "City Corporations Act 2009," was enacted in Parliament to establish a uniform framework of regulations for all city corporations. According to the City Corporation Act, Section 3(2), the government can establish any region as a city corporation by complying with the established rules and procedures, and holds the authority to incorporate new territories or remove existing ones. Section 82 of the City Corporation Act 2009 authorized city corporations to impose taxes, tolls, rates, and fees within their jurisdiction. According to Section 50 of the City Corporation Act 2009, following the establishment of the city corporation, its inaugural meeting would establish 14 standing committees for a two-year and six-month duration, including the standing committee of Finance and Establishments, Accounts and Audit. The applicable rules determine the functions of the standing committees; if there are no regulations, the functions of each committee will be specified in the general meeting. All work of the standing committee is finalized at the general meeting as per section 50 of the City Corporation Act 2009.

Section 70 mandates the creation of a fund under the city corporation's name, while Sections 71 to 74 outline the procedures for its utilization, investment, management, and liability of the fund. Section 76 stipulates that the City Corporation will prepare the budget before June 1st of the next fiscal year and send a copy of the Budget to the Government. The legislation has empowered the government to develop a budget if any city corporation fails to produce its budget. The government also possesses the authority to amend the budget, which will then become the final budget of the corporation. Besides, Section 77 mandates that each city corporation must document its revenues and expenditures in specified formats, prepare financial statements after each fiscal year, and provide a copy of these accounts to the government by December 31 of the subsequent fiscal year. Section 78 stipulates that the audit should be conducted following the applicable rules.

2.13.1.2 Paurashava

Section 3 of the Paurashava Act 2009 (as amended in 2010) empowered the government to designate a rural region as a town area through a government gazette. According to Section 4, the government has the power to amalgamate a town area, excluding cantonment areas, to establish a Paurashava. The government declares the Paurashava based on the population density, the percentage of non-agricultural lands (33%), and the occupation of the citizens. Presently, 328 Paurashavas are categorized into three classifications based on their revenue generation: A, B, and C. Type 'B' and 'C' Paurashavas exhibit lower financial activities compared to Type 'A' Paurashavas, primarily due to their limited revenue-generating capacity. The revenue of a Paurashava is generated from government allocations (including revenue budget allocations, development grants, and project grants), its own revenue streams, and additional sources (such as loans from financial institutions and donations). One of the major sources of the Paurashavas' revenue is the tax on holdings.

All activities of the Paurashava are managed by three divisions: the Administrative Division, the Engineering Division, and the Health, Family Planning, and Conservancy Division.

Table 06: Classification of Paurashava

Class	Revenue Collection (Per Annum)
A	BDT 8 million or above
B	BDT 4 to 8 million
C	BDT 2 to 4 million

Source: (Miti, Rahman, & Rahman, 2018)

Section 44 of the Paurashava Act 2009 allows the government the power to formulate laws for the administration, upkeep, and enhancement of properties held or entrusted to it. The Paurashava holds the authority to manage or improve properties obtained from the government entity. Section 45 empowers Paurashavas to acquire lands, if necessary, for public use. Section 46 grants Paurashavas the ability to lease or sell their immovable properties, following specified procedures. Section 47 makes all employees, including secretaries, mayors, counselors, and others, accountable for carrying out their assigned duties effectively and holds them liable for any negligence. Section 89 of the Paurashava Act 2009 mandates the establishment of a designated fund, known as the Paurashava fund, for each Paurashava. Section 90 describes the nature of Paurashava expenses. And Section 91 of the Paurashava Act 2009 specifies that cash collected by the Paurashava must be deposited in a bank or another institution as instructed by the government. Additionally, the clause has given the Paurashava the power to utilize the money for authorized government spending, employee salary payments, or expenses mandated by the act. Therefore, Section 91 of the Paurashava Act, 2009, permits the Paurashava to allocate any segment of its funds in accordance with the regulations set forth by the government.

According to Section 98 of the Paurashava Act 2009, the Paurashava is empowered to charge levies on several forms of taxation, including sub-taxes, rates, tolls, and fees, which are subject to governmental approval. Section 103 mandates that all forms of taxation, including sub-taxes, rates, tolls, and fees, must be collected in accordance with the procedures defined by the government. Currently, Paurashava imposes tax based on the Pauro Kor Bidhimala 2013 and the LGRD circular dated November 4, 2017.

Section 92 states that the fiscal year of the Paurashava commences on July 1 and concludes on June 30 of the following year. The Paurashavas commence the execution of their sanctioned budget on July 1st. A copy of the approved budget must be sent to the Divisional Commissioner or other government-designated regulatory authorities (Section 92). In compliance with Section 92 of the Act, the projected budget needs to consider public views. The TLCC (Town Level Coordination Committee) serves to achieve this purpose. The sanctioned budget is publicly disseminated, occasionally via "open-budget meetings" that invite community participation.

The Paurashava Rules 2012 stipulate that a Ward Committee consists of individuals with a maximum membership of ten. Forty per cent of the membership in the ward committee shall be comprised of females. The composition of the committee is as follows: Chairperson: Elected councilor of the designated ward, Deputy Chairman is the Female councilor elected for the designated reserved seat of the respective ward. Three representatives from impoverished communities in the town, two representatives from civil society, and two representatives from professional organizations. The Member-Secretary will be the Assistant Engineer/Sub-Assistant Engineer of the Paurashava. WLCC meetings must be scheduled on a quarterly basis. The Paurashava Act 2009 stated that the principal responsibility of the Ward Level Coordination Committees (WLCCs) is to encompass the local community in the developmental and organizational activities of the Paurashava. WLCCs are responsible for engaging with people at the ward level to discuss the progress, quality, and challenges of current and proposed development projects. They play a crucial role in presenting infrastructure, services, and issues within the ward during Town Level Coordination Committee (TLCC) meetings, as stipulated by the act. WLCCs play an important role in executing awareness campaigns on tax compliance and implementing public welfare initiatives, including street lighting and safe drinking water sources. WLCCs facilitate open meetings and dialogues with notable locals to ensure that citizens' problems and requests are communicated to the Paurashava council for possible implementation.

The Paurashava Act 2009 also stipulates that the TLCC should have a maximum of 50 members, with a requirement that at least one-third of these members be women. The composition of TLCC is as follows: Chairperson, Mayor, Member, Councilor: 12 individuals Representatives from line departments (District Administration, Local Government Engineering Department, Department of Public Health Engineering, Roads and Highways Department, Public Works Department, Social Welfare Department,

Department of Cooperatives, Telecommunications and Technology): 8 individuals Representatives of professional groupings (education, culture, law, business, medicine): a total of five individuals. Members: Four delegates from NGOs, Members of civil society: 12 individuals, Representatives of impoverished communities in the town: 7 individuals, Member-Secretary, CEO/PNO. At least one meeting is necessary for TLCC every three months. With 50% attendance, a quorum exists. The TLCC enables individuals to actively participate in planning, including the formulation of development plans. The TLCC oversees the Paurashava's development plan to ensure it meets community needs. Citizens can directly discuss tax assessment, service delivery, development, and governance improvement with Paurashava officials and submit financial feedback. The TLCC documents all talks and decisions to track and follow up on community feedback.

Moreover, the act of 2009 has given the government the authority to create a budget based on the previous year's income and expenses, if any Paurashava fails to prepare its budget. The government also has the authority to revise the Paurashava budget, and that revised budget will be the ultimate budget of the Paurashava. Section 55 of the Paurashava Act 2009 stipulates the establishment of 10 standing committees and several supplementary standing committees. The committees include the Standing Committee on Establishment and Finance, the Standing Committee on Tax Assessment and Collection, the Standing Committee on Accounts and Audit, and the Standing Committee on Law and Order and Public Safety, among others. According to section 55, each standing committee shall comprise five members. The mayor shall serve as the chairperson of the Standing Committee on "Law and Order and Public Safety" and will also be a member of all other committees. Three additional members will be selected from the group of councilors. Except for the Standing Committee on Law and Order and Public Safety, the appointment of the chairperson for all other committees must be made from the councilors. According to Section 93, Paurashava must report all of its revenue and expenses following a specific format and procedure. Additionally, it should prepare financial statements at the end of each fiscal year. The provision further stipulates that all FS must be made public, and the Paurashava must incorporate the concerns and suggestions of the public. Every fiscal year, the auditing and reporting of the audit is required under section 94.

2.13.1.3 Zila Parishad

As per Section 3(1) of the Zila Parishad Act 2000, a Zila Parishad must be established in each district, named as per the district. Section 3(2) specifies that the Parishad is a statutory entity with the authority to acquire, manage, and transfer both fixed and non-fixed assets in its name. Section 4 of the Zila Parishad Act, 2000 mandates that the Zila Parishad shall comprise one chairman, 15 members, and five female Members of Parliament from reserved seats. However, Section 4 has been modified and the Zila Parishads are comprised of one Chairman, one member from each Upazila under the Zila Parishad, but the one third of the members should be female and not less than 2, and all the Upazila and Paurashava Mayors and representatives of the CCs Mayor of the respective district will be the ex-officio member of the Zila Parishad. All of them are elected and chosen as stipulated in section 17. Section 5 of the legislation specifies that the tenure of the parishad must be five years, commencing from the inaugural meeting of the Zila Parishads. Section 30 stipulates that all elected representatives of the respective district should serve as advisors to the Zila Parishad of that district. Section 31 dictates that a minimum of one meeting of the Parishad must be held every month. Section 34 stipulates that the Parishad is authorized to establish several committees, with the composition and functions of these committees determined by the Zila Parishad. Additionally, Section 34 states that there shall be seven standing committees in the Zilla Parishad. However, the statutes do not talk about the Standing Committee on Finance or Accounts.

Section 42 stipulates that the Zila Parishad fund must be maintained in a government treasury, or a bank managing the treasury, or through any other method determined by the government. Parishads may invest in funds as mandated by the government; the statute also grants the authority to establish distinct funds for special purposes as authorized by the government. Section 44 delineates the utilization of the funds. Section 45 stipulates that before the initiation of each fiscal year, Parishads must prepare a statement of their revenue and expenditure, which shall be regarded as the budget for that year. The budget is prepared in the Zila Parishad by following the Zila Parishad Budget Rules 2017. The government can amend the budget within 30 days of its receipt. The government will formulate the budget if any Zila Parishad fails to prepare it. Section 45 stipulates that the budget may be modified before the beginning of the subsequent fiscal year. Section 46 of the Zila Parishads Act specifies that the Zila Parishad must maintain a record of all its revenues and expenditures in a specified format and manner. Furthermore, it must compile financial statements after each fiscal year and send a copy to the government by December 31st of the subsequent fiscal year. Section 46 dictates that all financial statements be disclosed publicly, and the Zila Parishad must take into account the opinions and recommendations of the public. The annual auditing and reporting of the audit is instructed in section 47. Section 49 states that the Zila Parishad is authorized to plan development projects according to its capabilities.

2.13.1.4 Upazila Parishad

At present, all the Upazila Parishads are established under the Upazila Parishad Act of 1998 (Reinforced and Amended in 2009). After the adoption of the act, it declares each thana area as an Upazila, and the government can declare any new region as an Upazila through a gazette notification. Section 5 stipulates that upon the enactment of the act, a parishad will be constituted as a statutory entity in every Upazila. Section 6 states that the Parishad will be comprised of one chairman, two vice chairmen—one of whom must be female—all chairmen of the corresponding Upazila's Union Parishads, the Upazila area Paurashava's Mayor, and reserved female members. Section 7 of the statute stipulates that the tenure of the parishad shall be five years, commencing from the inaugural meeting of the Upazila Parishads. A Parishad may establish a fund in its name according to section 35. Sections 36 and 37 outlined the methods for administering and utilizing the funds. Section 38 mandates that prior to the commencement of each fiscal year, Parishads must compile a report of their revenues and expenditures, which will be considered the budget for that year. The Upazila Parishad prepares the budget in accordance with the Upazila Parishad Budget Rules 2010. Section 39 of the Upazila Parishads Act dictates that the Upazila Parishad shall systematically document all its receipts and expenditures in a prescribed manner. Moreover, it is required to prepare FS at the end of each fiscal year and send a copy to the government by December 31st of the next fiscal year. Section 40 orders the annual auditing and reporting of the audit to the authority. The Upazila Parishads are currently required to comply with the 2014 guidelines for the usage of development funds and the 2020 guidelines for the utilization of revenue funds.

2.13.2 Budget

LG's accounting system is predominantly budget-centric. The budget formulation methods for individual local government units are outlined below:

2.13.2.1 City Corporations

City corporations prepare budgets following Section 76 of the City Corporation Act of 2009. The Budget Committee or Finance and Establishment Standing Committee receives a combined departmental expected budget from the accounts department. Generally, the accounts department initially collects requisitions from each department of the City Corporation, and the revenue departments supply data on projected income and expenditures. The accounts department consolidates this information and holds a meeting with departmental heads, section heads, and the Chief Executive Officer (CEO) to finalize the draft copy.

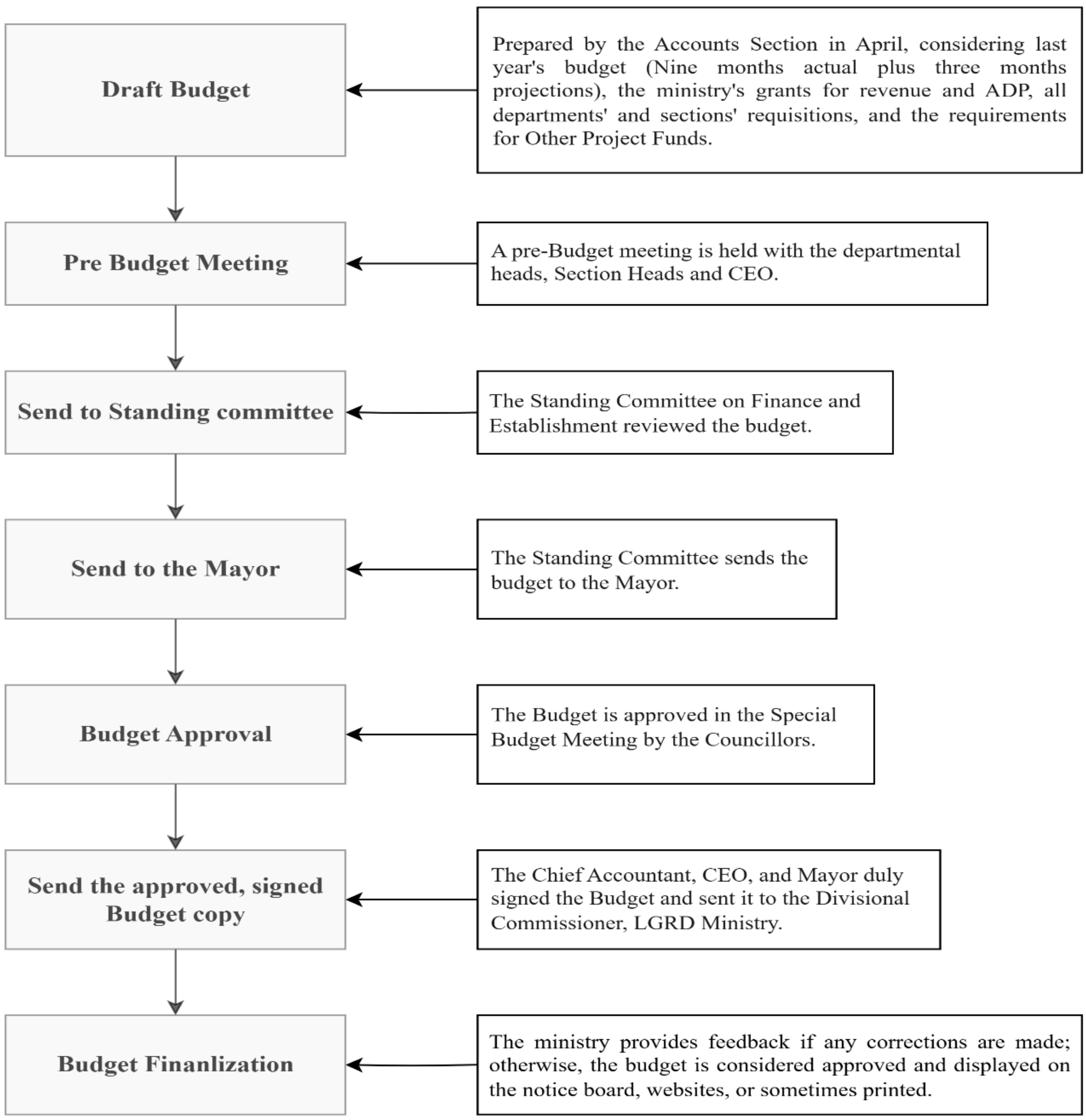


Figure 05: The Budget Finalization Process of the City Corporations

During the preparation of the draft budget for the upcoming fiscal year, present income, spending, and new demands, as well as ADP appropriations and grants, are taken into account. The budget preparation procedure typically commences in April. Then, the estimated budget is reviewed and examined by the standing committee before being sent to the honorable mayor for approval. Following approval, the mayor forwards the budget to the CC's Councilors for a special meeting. The Councilors approve the budget following the meeting's debate. The print of the confirmed budget is then sent to the Ministry of Local Government, Rural Development & Co-operatives (LGRD) and the Divisional Commissioner. Moreover, the budget is shared with all concerned parties in a press conference, uploaded to the websites, and sometimes printed after obtaining ministry clearance.

2.13.2.2 Paurashava

At the end of every fiscal year, a Paurashava prepares a budget in accordance with the broader general criteria provided in section 92 of the Paurashava Act, 2009, and Pauro Budget Rules 1999, for the next fiscal year. The budget covers all planned expenses and income of the Paurashava from July 1st to June 30th. According to the section, the budget includes the actual revenue and expenses of the previous year, the revised revenue and expenses of the current fiscal year, and the estimated revenues and expenditures for the following year. The section also required that every Paurashava should send a copy of the proposed budget to the divisional commissioner and any other person as directed by the government. The Paurashava Act states that before finalizing the budget, it should consider public opinion and finalize the budget at least 30 days before the start of the fiscal year. The government has the authority to revise the budget, and the revised budget should be treated as the final approved budget according to the law. Section 92 of the Paurashava Act, 2009, also states that A Paurashava can revise its budget and take further approval at any time during the Fiscal Year.

Currently, all Paurashava prepare their budgets according to the prescribed format provided by the LGRD ministry, which is based on the Pauro Budget rules 1999. In 2018, Japan International Cooperation Agency (JICA) and the LGRD ministry prepared the Handbook on Paurashava Budget formulation, execution, and monitoring, which also assists the budget preparation of Paurashava. The present budget format consists of five forms: Form Ka, Kha, Ga, Gha, and Ummo. Form ka and Kha are related to three components, namely:

1. Revenue, 2. Development and 3. Capital Account. The budget statements include the number of all employees currently employed (Form GA and GHA) and the ongoing projects (Form Ummo). The budget preparation process commences at least three months before the start of the following fiscal year. All projected revenues, grants, and expenditures of the proposed fiscal year are included in the budget. The budget rules of 1999 also prohibited any deficit budget and the spending of the development budget for purposes other than the development sector.

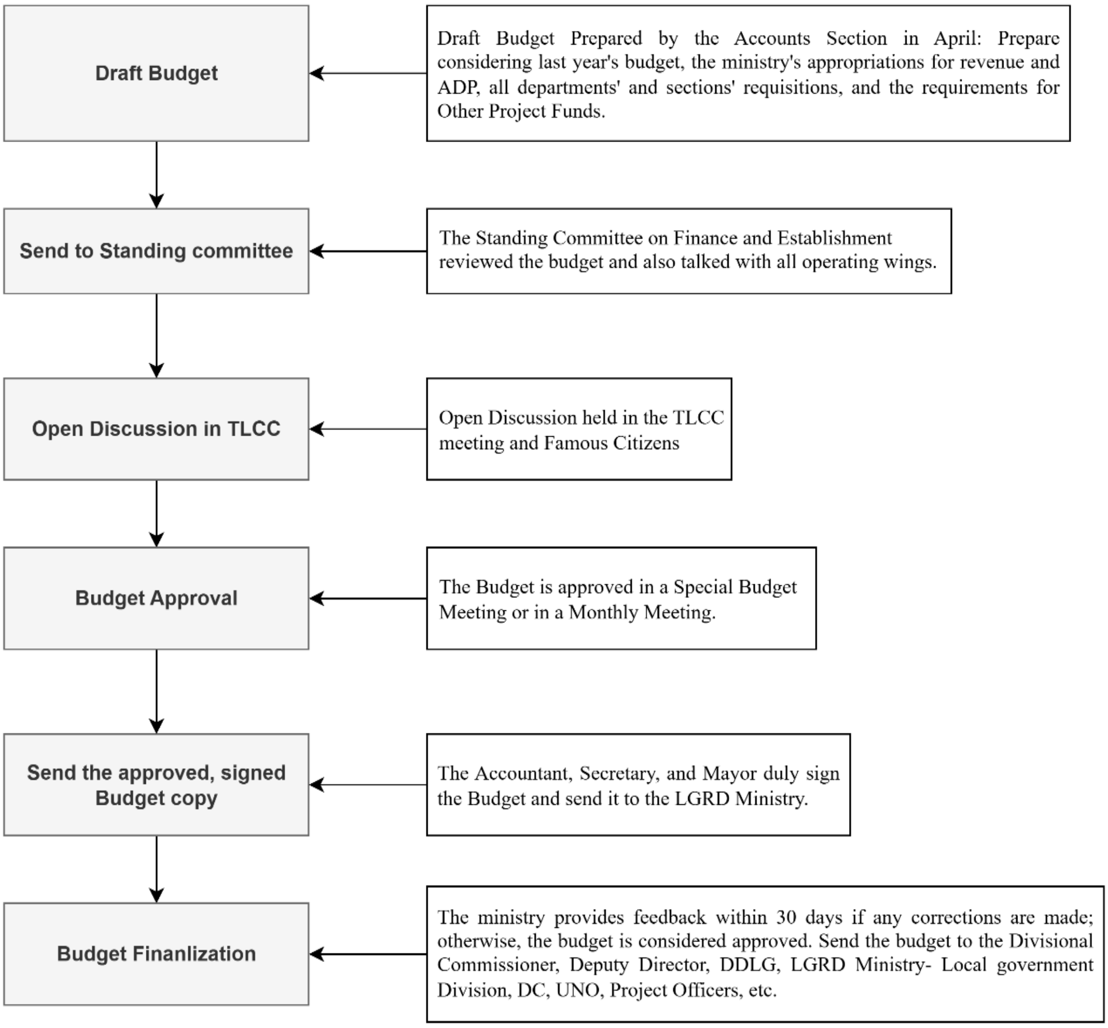


Figure 06: The Budget Finalization Process of the Paurashava

According to the law, local people should be involved in the Paurashava budget-making process; however, field observation reveals that citizens' influence in the budget preparation process is minimal. The approach has become bureaucratic rather than participatory.

Moreover, the law required that all the budget information be public. However, a significant number of Paurashavas failed to disclose the budget on the notice board or on their websites.

2.13.2.3 Zila Parishad

After each fiscal year, a Zila Parishad formulates a budget by following the directives and guidelines stipulated in section 45 of the Zila Parishad Act 2000 and the Zila Parishad Budget Rules 2017 for the forthcoming fiscal year. According to the Zila Parishad Budget Rules 2017, the budget must be formulated and approved by the Zila Parishad at least 60 days before the opening of the next fiscal year. The budget will comprise two segments: the Revenue Segment and the Development Segment. The Summary budget is formulated in accordance with Form KA of the budget regulations. Form KA: All expenditures and income will be delineated in the budget according to Form KHA. The Budget statements encompass all employees of the Zila Parishad, in accordance with Form Ga and Form GHA, which are prepared for the project fund. The budget must encompass all revenues as outlined in Section 42 of the Zila Parishad Act 2000 and all expenditures in accordance with Section 45. The Budget Rules 2017 stipulate that the Zila Parishad must maintain a minimum balance sufficient to cover expenses for the subsequent three months. The budget is prepared by the accounting personnel of the Zila Parishad according to the specified format provided by the ministry, following the budget rules, using the revised budget of the previous year, government grants, project funding, revenues of the Zila Parishads, and its development plans for the fiscal year. Afterward, he/she consults with the chief executive officer and chairman. Then, the draft budget is passed during the monthly general meeting or, in certain instances, passed at a special budget meeting, after which a copy is forwarded to the ministry. No official pre-budget meeting occurs; yet, informal communications are solicited from the departments and sections.

2.13.2.4 Upazila Parishad

After each fiscal year, an Upazila Parishad prepares a budget following the directives outlined in section 38 of the Upazila Parishad Act 1998 (Reinforced and revised in 2009) and the Upazila Parishad Budget Rules 2010 for the upcoming fiscal year. The Upazila Parishad Budget Rules 2010 stipulate that the budget must be prepared and passed by the Upazila Parishad no less than 60 days before the following fiscal year. According to section 3 of the budget rules, the budget will consist of two components: the Revenue Segment and the Development Segment. The Summary budget is prepared in compliance with Form KA of the budget rules. All expenditures and revenues will be specified in the budget as per Form KHA. The Budget statements include all workers of the Upazila Parishad, as per Form Ga and Form GHA, which are designed for special project funding. The Budget Rules 2010 dictate that the Upazila Parishad shall retain a minimum balance adequate to cover one month's expenses. The budget is prepared by the Shat Mudrakharik Cum Computer Operator of the Upazila Parishad, utilizing the revised budget information of the preceding year, government grants, project funding, and revenues of Upazila Parishads. The Budget is prepared with the guidance and support of the chairman, UNO, as well as the relevant Upazila Local Government Engineering Department (LGED) office and respective area CGA office. Then, the draft budget is passed by calling a special budget meeting, after which a copy is dispatched to the LGRD ministry, the Member of Parliament for the Upazila Area, and the DC office in accordance with the 2010 budget rules.

2.13.3 Present Accounting Basis in LG and the FRC Proposal:

All City Corporations presently employ the conventional accounting system governed by the BENGAL MUNICIPAL ACCOUNT Rules, 1935, in accordance with the BENGAL MUNICIPAL ACT, 1932. Conversely, after the Bengal Municipal Account Rule of 1935, adopted by local authorities in Bangladesh, there has been no significant legislation or regulations governing municipal accounting and financial management for any local body in Bangladesh until 2022.

However, the FRC has had the constitutional authority to establish financial reporting standards for City Corporations since 2015. In 2022, the FRC established new accounting practice guidelines for the City corporation. Nevertheless, they continue to follow the cash basis of accounting.

Currently, all Paurashavas are practicing the cash basis accounting system. However, the FRC instructed the SPAs, including LGs, to comply with the IPSAS-based accruals. FRC provides five levels of reporting criteria, taking into account the scale of operations. Zila Parishads and Upazila Parishads also follow the Cash Basis accounting system. In addition, Upazila Parishad follows the Upazila Parishad Accounts and Audit Rules of 2016, which guide the manner of recording books, rectifying them, and maintaining the cash transactions of Upazila Parishads.

However, in 2022, the FRC issued instructions for implementing the new reporting guidelines in the regulatory agencies, public universities, councils, trusts, boards, and LGs. FRC, Bangladesh, explicitly stated that SPAs (Statutory Public Authority) firms must adhere to the appropriate guidelines for reporting.

According to section 40 (4) of the FRA, 2015, the FRC is permitted to formulate and issue such reporting standards for SPAs. The Five (5) levels of standards applied to SPAs, including LGs, are:

> "1) Level 1- IFRS or Accrual Basis IPSAS Financial Reporting (FR), 2) Level 2- Simplified Accrual Basis Financial Reporting Standards (SAB FRS), 3) Level 3- Simple Accrual Basis Financial Reporting Standards, 4) Level 4- Modified Accrual Basis Financial Reporting Standards (MAB FRS), 5) Level 5- Cash Basis IPSAS"

2.13.4 Accounting and Reporting

2.13.4.1 City Corporation (CCs)

The traditional cash-basis of accounting and the single-entry method of accounting are the main characteristics of the current accounting system of CCs.

All the City Corporations maintain their books of accounts manually. CCs maintains a cashbook and generates receipts, spending statements, and other reports within the manual accounting system. Additionally, the Central government's budget grants are recorded in the iBAS++ software by the Chief Account Officer in recent times. The self-initiated automation initiatives are being implemented in CCs. CCs implement a few software programs to facilitate their accounting processes. Nevertheless, for audit purposes, they maintain handwritten records regardless of the partial digitization of the accounting system.

Books of Accounts/Registrar/Reconciliation Books

- Cashier's Cash Book
- General/ Accountant Cash Book
- ADP Cash Book.
- Project Cash Book (JICA, different format)
- Check Issue Registrar
- Abstract: Sector-wise income and expense records
- Advance Registrar
- VAT Registrar

- Income Tax registrar
- Contractor Ledger
- Item-wise Subsidiary Ledger Book (Posted code-wise)
- Bank Reconciliation Statements
- Voucher Gut File.
- Daily Cash Registrar.
- Cash received register.
- Monthly Payment Registrar
- Worksheet (Monthly/ Half Yearly)
- Bank Account Registrar
- Check Received Registrar
- Daily Revenue Expense Registrar

All expenses are approved through file notes, and all payments are made in cheques. The books and registers mentioned above are not maintained uniformly across all CCs. However, a project named C4C, carried out by JICA, was implemented, and an extended version of the project has also been running to establish a uniform accounting practice across all CCs. Therefore, the deviations in record keeping and account book formats are reducing among the CCs.

Financial Statement and Reporting:

Every year, City Corporations prepare an annual summary of income and expenses.

1. Receipts and Payments Account (Annual, only reports income and expenditure)
The financial reports are prepared as per the prescribed format of the C4C project. Annual reports are sent to the LGRD ministry.

2. Budget Variance: Budget Vs Actual (Three-year information is presented in the budget form, prepared in April every year: the running year's revised budget, the immediately preceding year's actual budget and the following year's estimated budget; thus, *no separate Budget Variance reports are prepared at the end of the fiscal year during the preparation of the receipts and payments account.*)

2.13.4.2 Paurashava

The accounts section operates under the administrative division. The Paurashava keeps its books following the cash basis. Paurashava generally documents its financial transactions on a daily and monthly base, and these records are aggregated into the annual financial report. All expenses are approved through file notes, and all payments are made in cheques with a very few exceptions. Vouchers are maintained in the World Bank-provided formats in Paurashava.

Books of Accounts/Registrar/Reconciliation Books:

- ADP Cash Book
- Revenue Cash Book
- Accountant's Cash Book
- Project Cash Book (For Every Project, such as UGIIP, IUIDP, BMDF)
- Apart from that, a few grade Paurashava maintain cash books separately for water revenue, for school, trade License, Rent, and sometimes a petty cash book
- Item-wise Ledger Books
    - Holding Tax
    - Trade License, etc.
    - Contractor Ledger
    - Fixed Asset Transfer Tax Book (2%)
    - Separate Cash Book for All Leases (Like Shop Rent/Lease), etc.
- Check Issue Registrar:
    - Jamanot
    - General
    - Project ADP
    - Water
- Check Received Registrar/ Bill Registrar
- VAT and tax Registrar
- Voucher Gut File
- Deposit Slip File
- Advance Registrar
- Bank Statement Gut File
- Monthly, Quarterly, and Annual Abstract/Summary

Besides, every Income Generating wing also maintains the deposit registrar in case of cash received and paid through Chalan in the bank account. All the Paurashava maintain three cash books commonly, Revenue, ADP, and Project cash book. A Cashier's Cash Book or Accountant's Cash Book is also maintained by most of the Paurashavas.

Contractor Ledger and Advance Registrar are not maintained in many Paurashavas. Besides, the Petty Cash book practices also differ among the Paurashavas. Few Paurashavas maintain a separate check issue registrar for Jamanot, general, project, ADP, Water, or a few keep an all-in-one registrar.

Moreover, the formats of Books also differ among the Paurashavas. Most of them use their printed account books at the same time, and a few also purchase printed account books from the markets. Therefore, it can be undoubtedly claimed that apart from the Budget and annual Reporting in prescribed formats, when the question of recording arises, the practices are not Uniform.

Financial Statement and Reporting

Receipts and Payments Account (Often written as Income and Expenditure Account)

2.13. 4.3 Zila Parishad

The Zila Parishads' account section is run by an accountant, who maintains the books of account manually following the cash basis. There is significant variation in their way of keeping books of accounts, mainly because of their operational volume and the time of establishment. The books of accounts are as follows:

Books of Accounts/Registrar/Reconciliation Books:

- ❖ ADP Cash Book
- ❖ Revenue Cash Book
- ❖ Jamanot Cash Book (Not Common)
- ❖ Advance Registrar (Not Common)
- ❖ Income Tax Registrar
- ❖ VAT Registrar (Sometimes Combined with Income Tax)
- ❖ Contractor Bill Ledger
- ❖ Check Issue Registrar
- ❖ Voucher Gut File

All Zila Parishads commonly maintain the ADP and the Revenue Cash Book. However, the Jamanot Cash Book and the Advance Registrar are not uniformly practiced. The formats of the books also differ among the Zila Parishads.

Financial Statements:

Receipts and Payments Account (Often written as Income and Expenditure Account)

2.13.4.4 Upazila Parishad

Upazila Parishads follow the Upazila Parishads Revenue Fund Usage Guidelines 2020, and Development funds utilization guidelines 2014, as well as the accounts and audit rules of 2016. The books that are commonly maintained:

Books of Accounts/Registrar/Reconciliation Books:

- ❖ ADP Cash Book
- ❖ Revenue Cash Book
- ❖ Salary Registrar

Some Upazila Also Maintained:

- ❖ 1% Land Transfer Tax Cash Book
- ❖ Hut Bazar Cash Book

However, some Upazilas maintained individual cash books for all revenue sources. The CGA office records the ADP budget spending and Upazila Parishads' regular employee salaries. The LGED office accounts section records the project funding. In the Upazila Parishads where JICA projects are running, they maintain a separate JICA cash book and accounts for the JICA project.

Financial Statements:

Income and Expenditure Account (Ministry Format).

All hill tracts Upazila Parishads make Receipts and Payment Account. Most of the plain land Upazila Parishads do not formulate Income and Expenditure Account or Receipts and Payment Account at the year-end. Rather, occasionally give the total receipts and Payments to divisional commissioners or other offices on demand. However, a few Upazilas of plain lands have prepared annual financial statements with support from the JICA project.

2.13.5 Auditing in LG

According to Section 128(1) of the Constitution of Bangladesh, the Office of the CAG has the authority to inspect all files, books, receipts, documents, currency, stamps, securities, stores, and other public assets assigned to any individual involved in national activities. The OCAG performs audits on the accounts of each City Corporation, Paurashava, Zila, and Upazila parishads as mandated by the laws. The audit authority must submit an audit report to the respective LGs and, thereafter, provide a copy to the government. However, audits of LGs are not regular, except for the ministry and the JICA, as well as other project funds in CCs. Moreover, internal audit practices are visible in CCs. The CAG mainly performs the compliance audit in LGs.

2.13.6 Asset and Liabilities Management

There is no separate asset registrar in the accounts section in almost all of the LGs. Even if some LGs maintain an asset register, the valuation has not been done yet. Additionally, the account section is also not liable for the management of those assets.

2.13.7 Account Code and Automation Status

The Account code or Chart of Accounts (CoA) is utilized in three of the seven sample city corporations, as per the prescribed format of the C4C project, JICA. All the sample CCs maintain manual accounting records. Most of the city corporations are trying to automate their accounting practices. A few statements are prepared in an Excel sheet, and a few software programs are introduced to ease the accounting task. However, they maintain the manual records of those, too. In the Paurashavas account, coding practices/ CoA are rare, although they are observed in a hill district.

The LGRD ministry implemented a computerized system with desk-based software a few years ago, but it failed due to the lack of follow-up and maintenance by the concerned authorities. Although some Paurashavas attempt to automate their accounting systems, audit objections require them to maintain both manual and digital systems. As a result, the progress of the Paurashavas automation remained slow. The situation is also the same in Zila Parishads and Upazila Parishads.

2.13.8 Compliance with the accrual and cash basis of IPSAS

At present, all the LGs follow the Cash basis accounting system. Therefore, it is not possible or logical to compare the present practice with the accrual basis of IPSAS. Even the LGs do not fully adapt to the cash basis IPSAS requirements. The following table demonstrates the level of cash basis IPSAS compliance of the LGs.

Table 07: The comparison between current accounting practices in LG and Cash Basis IPSAS (Mandatory)

PART 1 Mandatory

Cash Basis IPSAS requirements	Issue for reporting	City Corporation	Paurashava	Zila Parishad	Upazila Parishad
1. Presentation & Disclosure **a. Financial statement**	i. Cash receipt and payment	Yes	Yes	Yes	* No
	ii. Accounting Policies	No	No	No	No
	iii. Approved Budget	Yes	Yes	Yes	Yes
	iv. disclosure of accounting basis	No	No	No	No
b. Line Items	Headings and Subheadings	Yes	** Not Uniform	** Not Uniform	No
c. Reporting Periods	Total of cash receipts and payments. Beginning and closing balances	Yes	Yes	Yes	No

* A few Upazilas of plain lands have prepared annual financial statements with support from the JICA project. However, Upazilas of hill areas regularly prepare Receipts and Payments Account.

** In the case of Paurashava and Zila Parishad, in the majority of instances, they do not practice headings and subheadings. And the formats are different among the entities. A few Zila Parishads provide both the budgeted and actual amounts, while others give only the actual spend amount.

Table 08: The comparison between current accounting practices in LG and Cash Basis IPSAS (Optional)

PART 2 Optional

Cash Basis IPSAS requirements	Issue for reporting	City Corporation	Paurashava	Zila Parishad	Upazila
1. Future economic benefit/service potential	Assets characteristics	No	No	No	No
2. Going concern	i. Timeline of operation ii. Consideration of current and expected performance iii. Potential restructuring of organizations' units iv. Estimate of receipts or the likelihood of government funding v. Replacement of financing capability	No	No	No	No
3.Extraordinary items	i. Off-balance sheet items ii. Contingency arrangement iii. restructuring activities	No	No	No	No
4. Disclosure of assets, liabilities & comparison with the budget	Asset, liability & budget disclosure	No	No	No	No
5. Entity intending to migrate to accrual IPSAS	Statement of cash receipts & payments according to IPSAS 2 (Cash flow statement)	No	No	No	No

Source: Prepared by the researcher with the aid of the table made by Mustapha, Ku Ismail, and Ahmad (2017)

2.14 Training of Accounting Department Personnel and Job Facilities

Since joining as the accountant, most of the LG accountants have not received any training; instead, they have acquired the skills by working with the previous accountant of the accounts section. Even if some of them received training, most of it was project-based.

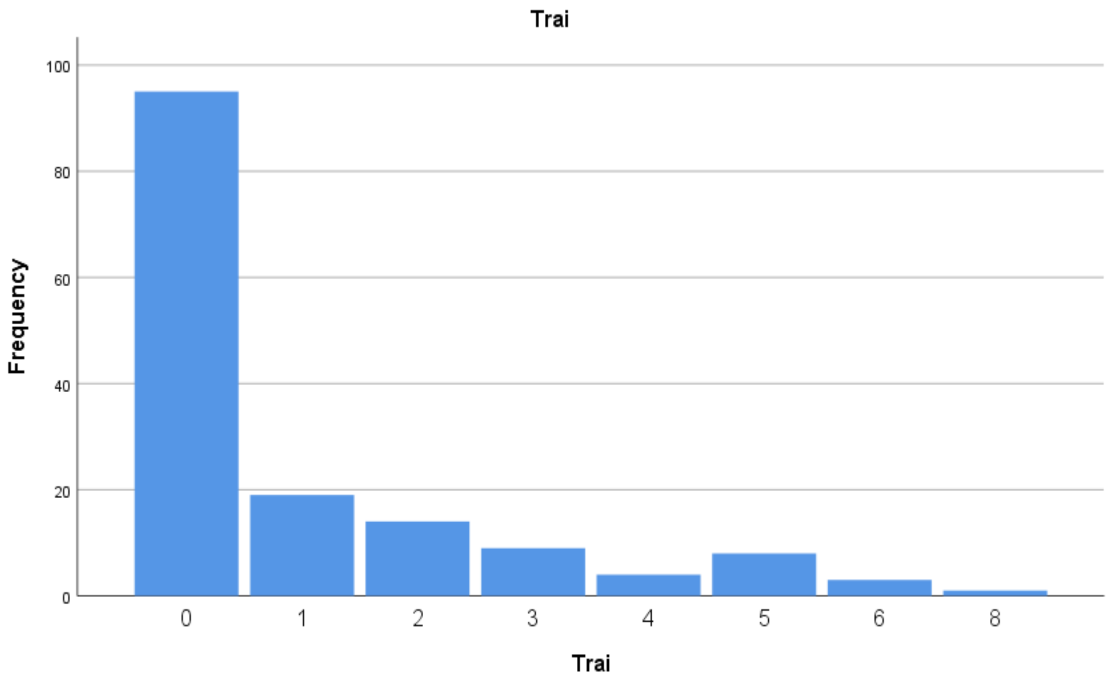


Figure 07: Training of Accounting Department Personnel in LGs

The chart showed that out of 153 responding accountants, almost ninety-five did not receive any training on accounting practices. This is very alarming, considering that a significant number of LG accountants come from non-accounting backgrounds. The majority of LG accountants express dissatisfaction with their work conditions, as their positions are often categorized as block posts, lacking provisions for pensions or the absence of retirement benefits given to other government employees upon retirement or employment. The accounting section possesses a limited workspace, in certain cases with limited network and computing capabilities. In most instances, the accounting section is understaffed relative to the requisite number of employees. The conditions are more severe in the Zila Parishad. Collectively, these factors render the accountant's job unattractive in the LG.

2.15 Chapter Summary

The chapter outlines the accounting framework for central and local governments, along with their respective legal framework and structures. The chapter reveals that the accounting practices in both central and local government are old-fashioned, predominantly relying on a cash basis that fails to conform to the cash basis international standards. Furthermore, within the same category of LGs, practices are not uniform as far as books of accounts and their formats are concerned, and notably deviate from global standards.

Chapter 03: Literature Review

3.1 Introduction

A detailed literature review was carried out to evaluate the scope of previous research on the present issues and to identify gaps in the existing literature. The main aim of the literature review chapter is to determine the research gap that the present study uniquely addresses, justifying its necessity and significance. In this chapter, instead of providing an in-depth description of previous studies, the researcher prepares a few summarized tables. These tables contain the authors' names and years, the areas and purposes of the studies, the methods chosen, the findings, and the suggestions for future studies. This tabular presentation of previous studies allows the researcher to convey the information chronologically and concisely. Subsequently, following each table, the researcher also provides a summary of the table. The research gap that the present research endeavor intends to address was explicitly identified at the end of the chapter.

3.2 New Public Management (NPM) and Accrual Reform (AR) in PSA

The Public Sector Committee of the International Federation of Accountants (IFAC) (1998) classifies the current accounting system into four distinct categories: cash accounting, modified cash accounting, modified accrual accounting, and accrual accounting. The Traditional Accounting System (TAS), precisely the cash basis, solely documented the inflow and outflow of cash funds without any significant additional functions. Although a cash accounting system has several benefits, the literature highlights numerous limitations associated with producing financial statements and allocations based on cash transactions (Ouda, 2003). It was demanded that the usage of cash-basis accounting has been primarily faulty and insufficient in giving necessary information to all stakeholders for planning, organizing, monitoring, and policymaking by residents, service beneficiaries, funders, and other related parties (Obara & Nangih, 2017). Despite being widely used in the government sector, the cash-based accounting system is thought to be ineffective in furnishing accounting information for the operative performance of PS organizations due to the absence of long-term impact indicators (Akenbor & Oghoghomeh, 2011). However, the government can recover public trust in its accountability by enhancing the extent of public documentation (Bakar & Ismail, 2011). This is achievable through the transformation of the PSA from cash to accrual, as the accrual system has many gains over the traditional cash basis of accounting. International research on PFM also acknowledges the significance of accrual accounting, as the accrual system offers a more transparent, clear, and relevant representation of the entity’s financial and non-financial performance (Hoque & Moll, 2001) than the cash basis. In addition, researchers have claimed that implementing accrual-based accounting will enhance the PS's transparency and efficiency (Thi Thanh, Thanh, Thanh, & Thi Thuy, 2020). Therefore, replacing the traditional cash accounting basis with accrual accounting in the PS is the fundamental step in reforming financial information systems (Lapsley, 1999) and creating the way for a more efficient and active PS.

It is widely believed that one of the most important acts in the NPM is the replacement of traditional cash-based accounting systems with accrual-based systems in the PS. The NPM philosophy emphasizes the significance of citizens as the primary beneficiaries of public services. In addition, an essential component of NPM is the implementation of developments in financial information systems. The NPM recommends that governments should adopt accounting rules similar to those used by businesses, precisely by employing accrual accounting (Bruno & Lapsley, 2018). So, the NPM framework results in an increasing need for optimal levels of efficiency in the public sector (PS) (Hood, 1995). Consequently, the notion of NPM has prompted the PSA systems of several countries to undertake the transformation process (Adhikari et al., 2013; Babatunde, 2017; Carpenter & Feroz, 2001; Harun, Bell, et al., 2012; Sellami & Gafsi, 2018).

Prior literature repeatedly claimed that the emergence of NPM-driven modernizations and the inefficiencies of the cash-based system are regarded as major factors that motivated the PSA reform (Christiaens et al., 2010). The earlier researchers have been convinced to state that the adoption of accrual accounting as a result of NPM reforms offers enhanced and precise insights into the government's financial stability and assets, and the evaluation of expenses related to public services (Pina & Torres, 2003). Even though the global trend of implementing accrual-based accounting systems in the PS is evident, notable variations exist in the approaches employed to adopt these systems (Christiaens et al., 2010). The table below provides a concise overview of prior PSA reform research, specifically focusing on accrual reforms.

Table 09: Previous Research Related to PSA Reform/ Accrual Reform

Authors (Years)	Objective/Area	Methods	Major Findings	Policy implications/ Suggestion
Yusof (2021)	Evaluated the Malaysian public healthcare sector's readiness to adopt accrual-based accounting and investigated the correlations between many factors and this readiness.	Data were gathered through questionnaires using a sample of 200 managerial officials employed in the Finance Department at 20 public hospitals and State Healthcare Departments.	The findings indicated substantial correlations between the skills of human resources, the capacity of software and technology, the compatibility of accounting policies and standards, and the amount of preparedness to adopt accrual-based accounting.	Developments should focus on the specific areas indicated in the research findings to ensure more effective and beneficial deployment of this new system.
Bruno (2020)	This study, conducted at the Italian regional government authority, revealed that technological, managerial, and political factors influenced the development of an accrual accounting system.	The data were assembled through several means, including compiling and analyzing legal and important policy papers. Additionally, the talks during video call chats in a specific trial location were evaluated.	The research indicated that there is **no clearly defined model for the adoption of accruals in the PS.**	The study aids in understanding the complexity of comparably neutral tools involved in a PS reform. The research discloses the rise of an accrual accounting system in the PS influenced by managerial, technical, and political factors.
Thi Thanh et al. (2020)	Determined the determinants and their impact on the implementation of accrual accounting reform in the PS in Vietnam; the research specifically examined the factors influencing the	Deployed mixed methods. The authors employed a random sampling technique. They used the 5-level Likert measurement scale to measure these variables. Subsequently,	The accounting staff's expertise, competence, and work skill, the training and backing provided by consulting specialists, the costs related with the accounting reform, the level of ICT	The inquiry was undertaken with a limited sample size and within a short timeframe. Additionally, the interviews were only conducted in select districts of Vietnam. Thus, they proposed that **Subsequent investigations**

	conversion from cash-based to accrual-based accounting standards in Vietnam's PS and the extent of their impact.	the authors interviewed 10 individuals from the public sector who now hold managerial positions and possess over 20 years of professional experience. The authors conducted a comprehensive analysis of the impact of independent variables on the dependent variables by utilizing a combination of SPSS 20 software and AMOS.	implementation, the funding and backing from international organizations, and the legal environment significantly influenced the implementation of accrual accounting in Vietnam. Accrual-based accounting reform in Vietnam enhances transparency and efficiency.	**may prioritize augmenting the sample size and expanding the temporal and geographical scope of the interviews to attain more accurate outcomes.**
Alozie (2020)	The study evaluated the level of accuracy in recording government funds in Nigeria's federal treasury and their reliable exhibition in the government FR. The objective was to ascertain the reliability of the reported annual balances in Nigeria's FR.	The data utilized in the analysis were acquired from secondary sources within the federal treasury. The study applied the ex post facto" analytical technique, which used statistical tools to compute the absolute or aggregate mean percentage error. The error was determined by comparing the re-estimated and published fund balances.	The inaccurate reporting of three key public funds in financial accounts has made Nigeria's financial condition unstable throughout the affected years, leading to questionable decision-making. Additionally, it enabled fraudulent activities, financial mishandling, and corrupt behavior.	Further investigation is necessary to explore the PS's fund accounting practices, establish a global accounting standard for fund accounts, and uncover undisclosed aspects of public finance in public treasury management.
Adam et al. (2020)	This article aimed to assess the level of consciousness among higher education	The research conducted a comparative analysis of the situation in four EU nations	Higher education institutions (HEIs) in the four nations have restricted	Conducting research to establish a connection between undergraduate

	institutions (HEIs) in EU Member States regarding the significance of ongoing PSA reforms and the necessity of equipping their students with the necessary skills to excel in this field.	using a purposive sample. The data was collected by distributing a questionnaire to specifically chosen academics in relevant Higher Education Institutions (HEIs) within the identified countries.	the scope of their programs to professional services automation (PSA) and financial management. The subjects covered and themes offered vary among these countries.	and graduate degrees, along with academic executive programs tailored for professionals and government officials, could enhance the design of teaching activities.
Alghizzawi and Masruki (2019)	This study aimed to assess the preparedness of government employees in Jordan to switch to accrual accounting. Furthermore, the study planned to inspect two likely elements that could impact the preparedness of Jordanian government employees: (i) the influence of organizational promise, and (ii) the moderating impact of job satisfaction.	A total of 331 questionnaires were dispensed to government employees in Jordan who work in the MOF and its affiliated ministries. Subsequently, the questionnaires were dispatched to ten practitioners with expertise in governmental accounting. The pilot study offers insights into the shortages and errors that may arise in the primary exploration. It also assessed the appropriateness of the planned research, the language of the questions, and their sequence for the study. The study utilized the Regression	The study found that Jordanian government employees were prepared to swing towards accrual-based accounting and were keen to embrace the change. Furthermore, the level of commitment within an organization benefits the readiness of government employees, and the degree of job satisfaction has a moderating role in this relationship. Accrual accounting (AR), which signifies the move towards reforming the PS in developing countries, has been increasingly seen in recent years.	Future studies should **include respondents from other public agencies** to ensure the application of accrual accounting throughout the whole PS. Furthermore, **A more insightful data-gathering technique could be done through interviews, which will allow the respondents to articulate their perspectives on accrual accounting. They further stated that interviews provide a more inclusive understanding of the questions posed, enabling the researcher to address any potential uncertainties.**

		analysis and an F-test.		
Steccolini (2019)	Examined several avenues for studying PSA and accountability within the framework of post-NPM. Explores the correlation between NPM and research in PSA.	The paper initially examined the correlation between New Public Management (NPM) and studies in PSA. It then studied the potential influences that interdisciplinary accounting academics might draw from contemporary studies in public administration, societal trends, and public policy.	**NPM symbolized great prosperity for advancing public sector accounting research.** The article emphasized the potential benefits of re-evaluating the "public" aspect of accounting research and redirecting focus away from the PS as a specific environment for PSA study.	Suggested that in the future, it may be necessary to prioritize accounting professions to enhance trust, democracy, cooperation, confidence, wellness, participation, inclusion, justice, public value, and potentially happiness.
Azhari, Osman, and Ghazali (2018)	The study inspected the role of PS accountants' attitudes about their intent to use the accruals system in the PS.	The study employed quantitative research methods. It utilized primary data to gain information on accountants' attitudes towards change. **The statistics attained from the questionnaires were studied using SPSS version 21 and SmartPLS 3.0. The data analysis consists of four sections: descriptive analysis, measurement model assessment, correlation**	The results indicated a diverse range of educational backgrounds among the preparers of accounting. However, **all the preparers without a background in accounting still agree to the transition from cash-based to accrual-based accounting. A minority of the responders, who happen to have a background in accounting and many years of experience in the accounting department, express**	**Increase the number of samples for further research to conduct a more comprehensive analysis. The data-gathering approach employed in this study solely involves the use of direct questionnaires. They suggested that an interview can provide a comprehensive response to determine whether the preparers are in favor or against the acceptance of accruals accounting in the PS.**

		examination, and structural model evaluation.	**disagreement with the strategy.**	
Nakmahachalasint and Narktabtee (2018)	This study evaluated the outcomes of implementing accrual accounting in the central government of Thailand. It utilized a novel conceptual framework to examine the obstacles to transition and their impacts.	The participants were public accountants and accounting managers with cash- and accrual-based accounting expertise from all of Thailand's central government departments. **The study's hypotheses were tested utilizing SEM through LISREL software**.	Notable obstacles to the shift towards accrual accounting encompass a lack of motivation, a managerial culture, a scarcity of accounting manuals, and a failure to comprehend accrual information. The results also specified a potential lack of effective communication among financial data users and public administrators.	The researchers suggested that **a reward system related to accrual information is necessary.** It is also stated that moving the duty of managing assets and liabilities to government agencies will help improve the use of accrual FS and information.
Jatmiko Wahyu Prabowo, Leung, and Guthrie (2017)	Analyzed the PS reforms in Indonesia. Investigated the connection between PS reforms in a developing nation and NPM principles.	Case Study Approach Documentary Analysis	The reforms are intended to adopt NPM, particularly regarding the five components of FM. Nevertheless, they were unpredictable when aligned with the NPM idea of achieving effectiveness and efficiency in public service offerings. The improvements unintentionally introduced inadequacies by mandating the	The inconsistent nature of PS reforms in Indonesia is a potential area for further study. Research using the observation technique can yield insights into the practical implementation and procedures of PS reforms, as well as their influence on public servants' behavior and the quality of services.

			use of the current system.	
Van der Voet, Kuipers, and Groeneveld (2016)	Developed and evaluated a conceptual framework that examines the link between transformative leadership behavior and emotional commitment to modification in a PS.	**SEM** was employed as a statistical method to consider the connections between the main variables. **The reason for using a Structural Equation Modeling (SEM) methodology is its ability to concurrently evaluate the impact of numerous independent variables upon multiple dependent variables.**	Inferred that the behavior of direct supervisors who exhibit innovative leadership is a significant factor in successfully executing the change.	**While a quantitative method allows the examination of connections between key factors, Researchers believe that both qualitative and quantitative research have the possibility to contribute to the area. They point out that it is important to give special attention to the complementary nature of these two techniques.**
Adhikari et al. (2013)	Building upon the concepts of new institutionalism, the study investigated the execution of accounting reforms in PS Nepal and Sri Lanka.	The Interview Method was employed. The narratives were then **formulated, and efforts were made to establish significance by connecting them with the theoretical framework used.**	While accounting reform ideas have only reached the trial/proposal stage in Nepal, Sri Lanka has implemented some of these concepts. This is due to the legacy of colonialism, which has facilitated the advancement of accounting education and training in the nation. Yet, there was a growing opposition to alterations in accounting practices among lower-level	This paper emphasizes the necessity of attempting comparative studies amongst other emerging countries to boost our comprehension of how PSA reforms are influenced in similar contexts. It also highlights the involvement of global organizations, consultants, expert accountants, and bureaucrats in shaping and pursuing these reforms.

			administrators in both countries.	
Harun and Robinson (2010)	This article aimed to analyze the contextual factors that impact the speed of PS changes in the Indonesian PS, specifically the implementation of accrual accounting. The study also utilized publicly accessible information to analyze recent advancements in applying the accrual accounting system in the PS of Indonesia.	The data were sourced from official records of the Indonesian government's reporting system. Additionally, interviews were conducted with key individuals involved in the PS AR. The study utilizes a modified version of Luder's (1992) Contingency Model. The data analysis was carried out in two stages: (a) interpreting the data collected from interviewees and archival sources, (b) analyzing the meaning of the data from the previous stage to align with the Life Cycle Model.	The employment of accrual accounting in the PS of Indonesia was prompted by the financial downturn, pro-democratic movements, and foreign pressures to restructure the public sector. Nevertheless, the implementation of PS accounting changes in the country was hindered by substantial impediments, such as legislative complications, insufficient political backing, and a shortage of competent human resources. These obstacles, in turn, endanger the desired objectives of the extensive economic and PS reforms.	**Future research could inspect the implementation of accrual accounting from the perspective of public employees working in both local and central government.**
Roje, Vasicek, and Vasicek (2010)	This study examined PSA's current status, prospects, and financial	Documentary Analysis	**Many special characteristics influenced the extent and rate of change in PSA systems in**	**Additional progress in the PSA system is required to smooth the integration of**

	reporting in transforming countries.		**transitional countries, which must be considered when assessing and comparing reforms in these systems.**	**transition nations with broader global trends in PS reforms.**

3.2.1 Summary of the table

Transition countries have made significant efforts to keep pace with worldwide advances in the field of PSA. However, the degree and pace of change in PSA systems in intermediate countries are influenced by many factors that must be considered when measuring and comparing reforms in these systems (Roje et al., 2010). Thus, there is no well-defined framework for executing accrual accounting in government (Bruno, 2020). For instance, the execution of accrual accounting in the PS of Indonesia was motivated by the financial recession, democratic movements, and external pressures to reform the PS. However, implementing PS accounting reform in Indonesia was delayed by many constraints, such as legislative complications, insufficient political backing, and a shortage of competent human resources. These difficulties endanger the desired objectives of the widespread economic and PS reforms (Harun & Robinson, 2010). The findings of Alghizzawi and Masruki (2019) showed that Jordanian government employees were ready to shift towards accrual-based accounting and eager to make the change. They found that the level of commitment within an organization benefits the readiness of government employees, and the degree of job satisfaction plays a moderating role in this association. They further claimed that the accrual accounting shift towards reforming the PS in developing countries, has been increasingly seen in recent years.

The study by Yusof (2021) exposed that the Malaysian healthcare sector was fairly ready to adopt accrual-based accounting. The findings also indicated considerable correlations between human skills, software, and the ability to use technology, accounting guidelines and standards compatibility, and preparedness to adopt accrual accounting. The study findings of Thi Thanh et al. (2020) revealed that the proficiency, talent, and professional background of the accounting personnel, the supervision and assistance offered by experts, the cost related to the accounting reform, the extent of ICT incorporation, the financial support and assistance from international organizations, and the legal framework all influence the successful implementation of accrual accounting in Vietnam. Their findings also stated that introducing accrual-based accounting reform in Vietnam will improve the transparency and efficiency of PS financial management, which leads to positive outcomes. They found that the legal environment is the most influential factor among all the influencing drivers of accounting reform. However, they recommend further investigations that may prioritize increasing the sample size and increasing the time and geographical scope of the interviews to accomplish more accurate outcomes. Nakmahachalasint and Narktabtee (2018) also claimed that financial openness and accountability significantly improved through the execution of accrual accounting. They further said a reward system connected to accrual information is necessary for successful implementation. Nakmahachalasint and Narktabtee (2018) stated that notable obstacles to the shift towards accrual accounting encompass a dearth of motivations, a managerial culture, a scarcity of accounting manuals, and a failure to comprehend accrual information. The findings indicate a potential lack of effective communication between financial data users and public administrators, as the latter need help comprehending the various financial information produced within their respective departments (Nakmahachalasint & Narktabtee, 2018). Adhikari et al. (2013) also highlighted the involvement of international organizations, consultants, professional accountants, and bureaucrats in shaping and pursuing these reforms.

Contrary to the earlier findings Jatmiko Wahyu Prabowo et al. (2017) analyzed the PS reforms in Indonesia and investigated the connection between PS reforms in a developing nation and new public management (NPM) principles. They claimed the reforms are inconsistent when aligned with the NPM idea of achieving effectiveness and efficiency in public service offerings. The changes inadvertently introduced inefficiencies by mandating the use of the current system. Surprisingly, Azhari et al. (2018) found that all the preparers without a background in accounting still agreed to the transition from cash-based to accrual-based accounting. A minority of the responders, who have a background in accounting and many years of experience in the accounting department, express disagreement with the strategy, which demands additional research on these areas.

Considering the research methods of earlier studies, the above table demonstrates that most of the earlier accrual reform studies were exclusively based on the questionnaire approach for data collection or solely applied quantitative or qualitative techniques. A more meaningful data-gathering technique could have been carried out through interviews, allowing respondents to give their viewpoints on accrual accounting. Since interviews provide a more detailed understanding of the questions, allowing the researcher to address any possible uncertainties (Alghizzawi & Masruki, 2019; Azhari et al., 2018). Van der Voet et al. (2016) claimed that while a quantitative method allows investigating connections between key aspects, a qualitative method might offer a more complete understanding of the complex and interconnected nature inherent to organizational change in the PS. From their viewpoint, both qualitative and quantitative research have the potential to contribute to the area. Therefore, they stressed that it is important to give special attention to the complementary nature of these two techniques. Again, the maximum number of studies concentrated on the central government. Alghizzawi and Masruki (2019) stressed that future studies should incorporate respondents from other government agencies to ensure the application of accrual accounting throughout the whole government sector. Harun and Robinson (2010) also suggested that future research could investigate the implementation of accrual accounting from the perspective of public officials working in local government.

In short, it is worth saying that the table above illustrates how numerous factors influence accrual reform and how such reforms improve accountability and transparency. However, there were instances when the change failed to deliver the desired benefits. The previous researcher also supports conducting additional research using extensive samples and integrating many approaches in a different geographical setting or in other PS like LG to contribute more to the PSA literature.

3.3 IPSAS and PSA Reforms

In the last two decades, the forces of liberalism and the corporate sector have significantly impacted the world, leading to increased government accountability and transparency (Chan, 2003). Government accounting encompasses the financial reporting systems and procedures for financial transparency within a country (Chan, 2006). As developing countries rely on donor agencies, there is a requirement to change the PSA due to institutional pressure (Adhikari et al., 2013). The IPSAS Board (IPSASB), previously known as the Public Sector Committee of the International Federation of Accountants, has created IPSAS to streamline and strengthen these changes (Christiaens et al., 2010). The transition from cash to accrual accounting and the establishment of widely recognized IPSAS are regarded as major advancements in government accounting procedures within the framework of the NPM (Sellami & Gafsi, 2018). IPSAS aims to lift the quality of FR by PS units, increase openness and accountability in the PS, and enhance the comparability of FS globally. Additionally, the surrounding setting in emerging countries is facing significant pressure to reform PSA practices. Consequently, the IPSAS have been implemented to modernize accounting practices universally (Bellanca & Vandernoot, 2013).

The International Federation of Accountants (IFAC) 's Public Sector Committee (PSC) establishes IPSAS, which are FM and reporting guidelines endorsed for adoption by governments worldwide. The primary emphasis of the PSC has been to implement PSAS for the FS of the government and other PS institutions. IPSAS mainly provides a contemporary form of government accounting that challenges the traditional prioritization of budgeting over accounting in government and the belief that budgeting and FR procedures are exclusively the government's duty. Researchers advise pursuing convergence or harmonization of IPSA in countries that already have established government accounting principles (Chan, 2005). According to the IPSAS of the PSC, public enterprises are required to follow the identical international accounting standards (IAS) as private businesses (Sutcliffe, 2003). The PSC's strategy is to develop IPSAS by incorporating IAS standards to the level that they are pertinent and appropriate for the PS. Thus, the primary objectives of IPSAS were to promote enhanced political transparency globally, establish improved accounting and FR standards, enhance financial and economic efficiency, strengthen financial management and discipline, and achieve universal harmonization of reporting criteria. To date, 43 IPSAS and three recommended Practice Guiding principles have been published. However, Christiaens et al. (2010) stated that while the global tendency of employing accrual-based accounting systems in the PS is apparent, there are notable differences in the adoption approaches. The IPSAS BOARD has also provided cash-based IPSAS guidelines as a preliminary step for countries facing difficulties in adopting accrual-based IPSAS.

3.3.1 IPSAS-A Brief Look Back

IFAC was established on October 7, 1977, during the 11th World Congress of Accountants in Munich, Germany. Its purpose is to create and encourage the adoption of excellent worldwide standards for auditing and assurance, PSA, integrity, and the credentials of practicing accountants. The Public Sector Committee (PSC) is a permanent committee of the IFAC Council. The IFAC Council operates as a non-profit, non-governmental, and non-political international organization. IFAC's membership has grown from its first 63 founding members representing 51 nations in 1977 to an existing total of 180 members and associates from 135 countries. The PSC was created in late 1986, comprising individuals interested in PS financial management, publishing, bookkeeping, and auditing. The PSC includes 12 representatives representing IFAC member organizations. In 1996, the IFAC's PSC introduced a standards project, with the support of many international organizations, aimed at enhancing government financial openness and efficiency through improved accounting and FR practices. The program follows a formal procedure that has been in place since early 1996 and continues till now. The PSC believes that important elements of any governance system include the formulation of financial reports based on universally accepted accounting principles that serve the interests of users of PS financial accounts, as well as an audit that ensures compliance with those standards. The PSC possesses the necessary qualifications to function as a global authority in establishing standards for the PS. The organization was established with the purpose of serving the public interest. PSC has a membership composition that includes individuals with related professional expertise. Moreover, it ensures representation from various regions to promote diversity. Besides, stakeholders are given the chance to be involved in the implementation of IPSAS. The effort in the latter part of 1996 was initiated by concerns expressed by multiple governments and their agencies about the integrity of financial accounts.

The IPSAS is primarily a collection of accounting standards resulting from the IAS issued by the International Accounting Standards Committee (IASC). The IPSAS program has undergone two phases. Between 1996 and 2002, the IFAC PSC extensively incorporated global company accounting and FR methods. Assumed that implementing a few minor adjustments can enhance the reporting requirements in the public PS. Since 2003, the IPSASB has been mainly addressing matters specific to the PS. These problems comprise taxation and other non-exchange dealings (Chan, 2006). The IPSASB established a consultation panel selected by the International Federation of Accountants (IFAC) and headed by an external chairman. The panel conducted an examination of the future of the IFAC/Professional Standards Committee (PSC). As per the panel's recommendation, the committee should be named the IPSAS Board and should strive to enforce new criteria. The initial phase of the program, spanning from late 1996 until the conclusion of 2001, was financially supported by IFAC, the Asian Development Bank, the United Nations Development Program, the World Bank, and the International Monetary Fund (IMF). These groups have contributed to the standard-setting campaign between 2002 and 2005 (Sutcliffe, 2003).

3.3.2 IPSAS Standards Setting Process

IPSAS are formulated via rigorous consideration. Prior to adopting tentative positions, thorough investigation and extensive discussion are carried out. Interested parties are offered exposure drafts of proposed standards in order to solicit their feedback. These perspectives are considered while making changes and additions to a standard. The primary objective of this procedure is to improve the quality of the standards. An additional benefit is that both the final standards and the institution responsible for setting IPSAS gain a more profound comprehension and increased support. The IPSASB firmly trusts that the overarching goal of FR is identical for both the public and private sectors. Consequently, every IAS/IFRS Standard is carefully examined and modified in order to create IPSAS (Christiaens & Van Den Berghe, 2006). The IPSASB has broadened its initiatives to involve academics, creating more opportunities for them to engage with the organization and stay informed on IPSAS advancements. The IPSASB has consistently employed a strategy that focuses on utilizing IPSAS to address difficulties that are unique to the public sector. This plan also involves conforming to the IFRS and reducing inconsistencies between the IPSAS and the reporting requirements of the Government Finance Statistics (GFS) (Jensen, 2020).

3.3.3 The Rationale for Studying and Adopting IPSAS in the PS

Macroeconomic stability requires real governance. Financial accountability is one of the key mechanisms of effective governance, like high-quality development. Thus, ensuring the accountability of governments and their institutions is an essential feature of real governance in the PS. Proper financial disclosure can help accomplish this by ensuring correctness and clarity in financial information. The lack of universally accepted FR standards in a few nations is a major hindrance to upgrading the transparency in their entities. Under these circumstances, adopting and advocating IPSAS would entail establishing a universally recognized and satisfactory standard for the financial reporting quality of government and other PS entities (Sutcliffe, 2003). Chan, Jones, and Lüder (1996) stated in comparative international government accounting studies (CIGAR), developing countries have been underrepresented (Chan et al., 1996). Comparing government accounting in developing nations to Western industrial democracies, a substantial amount of evidence indicates that the former is less advanced than the latter (Chan, 2006). Thus, it is necessary to establish standardized criteria for reporting and implementing public accounting in those developing nations. Benito et al. (2007) have further verified that IPSAS is a crucial stimulus for harmonizing financial information systems in the PS. In addition, the IPSASB has played a crucial role in producing IPSAS to enhance global comparability in the reporting of financial information. IPSAS has endeavored to persuade other institutions, including international organizations and regulatory authorities from different countries (Jorge, Brusca, & Nogueira, 2019). For that reason, the IPSAS accommodating accrual accounting system was also adopted by several international organizations, such as the OECD, NATO, the United Nations, and Interpol (Hathorn, 2008).

Moreover, to achieve higher levels of precision in FS, it is essential to fulfill accounting duties diligently. This includes disclosing financial reports pertaining to assets, liabilities, service costs, taxes, expenses, and cost recoveries. Furthermore, it is believed that using accrual-based external financial statements provides administrators with a clearer understanding of the resources under their control, the enhancements made to those resources, and the expenses incurred and recovered in relation to specific services. Accrual-based IPSAS promotes the adoption of more sustainable and efficient utilization of assets, in addition to supporting and sustaining the social and economic development of the entities. Adopting and implementing international accrual-based FR standards would boost the accuracy and comparability of government financial reports while also assuring global harmonization. Further, the use of IPSAS also increases management accountability and transparency through the delivery of prompt and transparent annual FR (Gebreyesus, 2020). However, the adoption and execution of IPSAS is not mandatory for the government or any of its institutions; it is merely a matter of best practice (Chowdhury, 2012). Counties like Malaysia and Nepal, or nations in Southeast Asia, have achieved significant improvements in this area. In 2015, the central government of Malaysia implemented IPSAS accrual-based standards, and moreover, in 2016, the state governments also embraced these standards. Though there is an increasing momentum in the application or adoption of IPSAS, it is also necessary to have a well-defined plan, attainable deadlines, specific goals, and sufficient resources (ACCA, 2017; A. Ismaili, H. Ismajli, & N. Vokshi, 2021).

Thus, it is really challenging to reach a conclusion about the worldwide acceptability of IPSAS due to its ongoing development, as it is still a work in progress in terms of both adoption by countries and the development of Standards. The standards addressing specific PS issues are still being framed. If the PSC chooses to use the step-by-step approach, individual requirements will be gradually introduced over an extended period. Therefore, successfully complying with IPSAS in the PS requires significant time and financial resources (Chan, 2005). Even after twenty years of Chan's statement, the scenario remains almost the same. The extent of the modifications has been highly varied, and in most cases, they have been implemented at all levels: national, regional, and local. Many researchers claimed that the IPSAS has significantly contributed to various reform initiatives (Adhikari & Mellemvik, 2010; Alesani et al., 2012; Brusca & Condor, 2002; Brusca & Martínez, 2016). Several nations are currently transitioning to IPSAS, and the lessons learned from early adopters can be valuable for others (Brusca & Martínez, 2016). In addition to the countries that have already implemented reform, several governments utilize modified accrual basis or cash basis systems or are now considering reforming the PSA (Rajib & Hoque, 2016). Several nations, including France, Lithuania, Slovakia, Belgium, Estonia, Portugal, Romania, the United Kingdom, and Sweden, have adopted accrual accounting for all government levels. However, certain countries, like Italy, still rely on cash accounting (Bellanca et al., 2015). Many South Asian countries have decided to adopt cash-basis IPSAS and plan to gradually implement accrual accounting. International monetary institutions have spread a false belief that adopting accrual accounting depends on first meeting the requirements of cash-basis IPSAS. Nevertheless, the country's efforts mainly concentrate on adapting rather than fully adopting IPSASs in all key elements (Adhikari & Mellemvik, 2010). Industrialized countries that have already applied accrual accounting standards in the PS, which are different from IPSAS, have not widely adopted IPSAS. The adoption of IPSAS is basically probable in nations that adhere to the Anglo-American accounting culture, either on a voluntary basis or as a means of inspiration for accounting organizations. Nevertheless, numerous emerging nations will likely embrace the IPSAS due to external factors, despite the potential difficulties of adopting complex accrual regulations in less advanced countries. The outcome will be a phased and incomplete incorporation of IPSAS standards, as opposed to an instantaneous and comprehensive adoption of the standards (Oulasvirta, 2014). Brusca and Martínez (2016) argued that when governments update their systems, they may be motivated to implement IPSAS. However, several obstacles can impede this process. The adopter countries consider the incentives for implementing IPSAS to be more relevant than the non-adopters. The latter do not prioritize fully aligning with IPSAS or modifying IPSAS based on the specific nation's requirements. Adhikari and Jayasinghe (2017, June) claimed that the employment of accrual-based IPSAS in emerging nations as part of PSA reforms has faced many unintended consequences and disappointment. They added that there have been instances where these reforms have proven extremely complex and ineffective during execution, resulting in their rejection or replacement with other reform measures. A study conducted by Lokuwaduge and De Silva (2020) specified that Sri Lanka has made notable legal reforms in the past decade to adopt international accounting standards, while larger Asian economies are still in the process of analyzing the process of transitioning. They further claimed that the current political instability in Sri Lanka has had a harmful consequence on the IPSAS execution process. Therefore, developing countries face practical challenges in implementing the PSA reform within the PS due to limitations in institutional capacity, widespread political involvement, and bureaucratic decision-making processes. Therefore, it is justifiable to assert that IPSAS serves as a worldwide standard for achieving consistency and homogeneity in governmental accounting. However, it is equally crucial to learn from early adopters of IPSAS and conduct in-depth research on the unique conditions of each country and institution to implement IPSAS, as adoption presents significant challenges. The following section provides a concise summary of several studies on IPSAS in the PS.

3.3.4 Previous Research Investigating IPSAS

IPSAS is believed to have many advantages (Cuadrado-Ballesteros & Bisogno, 2021; A. Ismaili et al., 2021; Tawiah, 2023; Thi Thanh et al., 2020). Many countries have also met negative consequences when implementing IPSAS (Bakre et al., 2022; Caruana & Grima, 2019; Laswad & Redmayne, 2015). Besides, during the adoption of IPSAS, there have been both positive and negative effects of many factors (Bellanca & Vandernoot, 2013; A. Haija, A. AlQudah, L. Aryan, & M. Azzam, 2021; Nzewi & Enuenwemba, 2020; Thi Thanh et al., 2020). Moreover, how countries have implemented IPSAS differs significantly (Christiaens et al., 2010; Mnif & Gafsi, 2020). Thus, to explore and contribute to the ongoing discussions about implementing IPSAS-based PSA reform, extensive research has been conducted worldwide. The following tables summarize the IPSAS research:

Table 10: Previous Research Investigating IPSAS

Authors (Years)	**Objective/Area**	**Methods/ Variables**	**Major Findings**	**Policy implications/ Suggestions**
Tawiah (2023)	This study examined the impact of	Applied the System Generalizing	The study revealed a substantial and negative relationship between	Future research might investigate the incorporation

	IPSAS on corruption in developing countries, shaping whether it facilitates or limits corrupt practices.	Method of Moments on a dataset of 77 developing nations, covering the period from 2005 to 2017.	the implementation of IPSAS and corruption, indicating that the adoption of IPSAS effectively alleviates corruption in emerging nations. However, they discovered that the detrimental effect of IPSAS on corruption is more noticeable in countries that have completely implemented the accrual-based IPSAS.	of the IPSAS framework into government anti-corruption measures or how IPSAS enhances the effectiveness of auditing procedures and the prompt disclosure of corrupt activities.
Tawiah (2023)	Analyzed a comprehensiv e dataset consisting of 107 developed and developing nations to measure the influence of adopting the IIPSAS on governance quality.	The sample selection was determined based on the profiles of 130 jurisdictions available on the IFAC website from 2005 to 2019. Several pre-regression assessments were conducted to identify the appropriate model specification.	The findings indicated that the implementation of IPSAS has a beneficial and significant impact on the quality of governance. This suggests that IPSAS is crucial in boosting accountability and transparency in the relationship between the state and its citizens. **However, their results showed that the beneficial impact of IPSAS is confined to developing nations.**	Both the accrual and cash-based IPSAS have a positive and significant influence on the governance quality. He suggested that the accrual basis IPSAS, which is similar to the complete adoption of IPSAS, is more likely to enhance governance than the cash-basis.
Kowalczyk and Caruana (2022)	This paper examined the accounting and budgeting practices of two European Union (EU) member states. It examined the progress each country made in aligning its practices with the EU's harmonization project and adopting accrual accounting in accordance	A descriptive multi-case study was utilized to clarify the structures and modifications in the governmental systems of Malta and Poland. The study applied a qualitative interpretative methodology, analyzing secondary sources such as underpinning legislation and related	The results demonstrated that Poland is not willing to embrace the IPSAS but has a well-developed budgeting system. On the other hand, Malta was primarily focused on aligning its FR with the IPSAS. Highlighted that although both countries lean towards practical legitimacy, Poland demonstrates a greater inclination towards transferring legitimacy, whereas Malta is more likely to influence legitimacy.	Argued, the significance of these legitimizing pressures is a matter that international regulators for the PS, as well as the EU in its EPSAS project, should give more careful consideration to.

	with the IPSAS.	ministerial bulletins.		
Cuadrado-Ballesteros and Bisogno (2021)	This study examined two crucial aspects that define the ongoing discourse on PFM: the governance quality and the reforms in PSA.	Examined a dataset consisting of 33 nations that are members of the OECD throughout the time frame of 2010 to 2014. Presented through descriptive statistics.	The authors stated that enacted PSA reforms, such as adopting accrual-based accounting systems and implementing IPSAS, have greater governance quality. Specifically, their findings indicated a favorable impact on the degree of accountability, government efficiency, quality of regulation, compliance with the rule of law, and the ability to combat corruption. However, political stability remained unaffected by these reforms.	Future evaluations should consider studying the specific instances of EPSAS. Expanding the scope of countries examined would enable the results to be controlled based on various regions and their particular accounting system.
A. Ismaili et al. (2021)	This article sought to assess the significance and difficulties associated with accepting and implementing the IPSAS accrual accounting in the PS of Kosovo.	The study collected initial information from a representative number of officials from budget agencies, institutions, respondents from publicly owned enterprises, and professional associations. The research utilized correlation analysis, descriptive statistics, and employed the chi-square and Kruskal-Wallis H tests to analyze the acquired data.	The modification significantly enhanced the decision-making process and the use of public monies. It accurately showed the far-reaching consequences of policy choices, aiding managements in their efficient use of public cash. Although there were many difficulties, the analysis provided a practical justification for the proposed reform in Kosovo. The study highlighted the importance of enhancing accountability and transparency, as well as gaining public trust in information and the nation's overall economic consistency.	The researchers unanimously concluded that implementing IPSAS accruals in financial reporting has multiple challenges and risks. These include the need for adequate time, funding sources, professional skill, organizational elements, political support, technical ability, infrastructure developments, and Legal frameworks.
A. A. A. Haija, A. M.	This study attempted to investigate the	A 39-item questionnaire was developed	**Every nation has different necessities, requiring a unique**	The researchers advise analyzing the cost-benefit

AlQudah, L. A. Aryan, and M. J. Azzam (2021)	primary determinants of success in implementing IPSAS in Jordan.	and distributed to 500 individuals working within government departments. 326 questionnaires were collected; the response rate was 65.2%. The questionnaire's reliability was measured by means of appropriate methods.	**examination to identify the elements that may either inspire or delay the successful execution of IPSAS.** The primary factors were local rules and physical facilities, but personnel training ranked bottom in terms of importance. **The study findings established a strong and statistically significant correlation among training, local laws, infrastructure, external assistance, stakeholder participation, and IPSAS.**	ratio in other countries that have fully implemented IPSAS, as the advantages cannot be measured at this early level of adoption in Jordan. They also suggested that evaluating the influence of implementing IPSAS on the quality of FR in public companies is necessary.
Jorge, Nogueira, and Ribeiro (2021)	The study sought to comprehend the behavior of pilot entities to check their contribution to the whole PSA reform process.	The Portuguese case serves as a basis for understanding the activity and position of pilot entities in implementing reforms using the NIT (isomorphism perspective) and institutional logic.	It is essential to involve pilot entities in decision-making for them to play a considerable role in the reform process. This will enable them to fully comprehend the advantages of the new IPSAS-based system and ensure they receive the necessary technical, human, and financial assistance.	**They said the questionnaire failed to cover this particular topic; conducting interviews would be necessary to investigate it.**
de Aquino, Lino, Cardoso, and Grossi (2020)	How has the Brazilian Treasury devised techniques to establish credibility in a legal system based on civil law, where the legislature has not provided clear guidelines?	This study involved gathering papers and conducting interviews with important individuals from two significant positions in the field: the body that sets standards and the auditing authority.	The entities responsible for establishing standards (namely, the Brazilian Treasury and the Institute) collaborated to establish a notion that IPSAS is consistent with the country's laws. In addition, they increased the number of enforcement sources.	Additional comparative analysis would be advantageous for gaining a more complete understanding of the role played by various actors in adopting financial reporting guidelines.
Nzewi and Enuenwemba (2020)	**The study was initiated due to the inconsistent and**	A sample size of 185 was designated from a population of 343 staff	The use of IPSAS promotes accountability and openness among ministry public officials. The report	The federal government should allocate funds to enhance the IPSAS and

	contradictory results found in prior studies, which varied from positive to negative. This study was designed to assess the impact of IPSAS on the Delta State Ministry of Finance, specifically focusing on enhancing transparency and accountability.	members from Delta State Ministries, Departments, and Agencies (MDAs). Information was attained from a survey. The data was studied using a five-point Likert scale. The hypotheses were investigated using a regression technique with the support of SPSS.	recommends that to effectively address corruption in Nigeria, the government should allot the required resources to execute and fully maintain IPSAS in the PS.	train civil officials in using software that can regularly monitor and verify records.
Alghizzawi and Masruki (2020)	The study aimed to analyze the impact of IPSAS in resolving significant financial challenges.	Percentage, tables, and graphs. Documentary review.	Adopting IPSAS would enable the Jordanian PS to achieve its development objectives.	Future research should study the financial concerns within the country being examined.
Jensen (2020)	This paper aims to enhance the current discourse between professionals and scholars. The article outlines the IPSASB's recent strategies and emphasizes the board's growing efforts to engage with academics.	The viewpoint was taken from practitioners directly related to the IPSASB's work and the formation of IPSAS. The paper was built on the IPSASB's publicly available materials and the practitioner's opinions.	The IPSASB has extended its efforts to communicate with academics, providing supplementary options for them to cooperate with the organization and stay updated on IPSAS expansions. The IPSASB has continued a consistent strategy, that centers around using IPSAS to manage issues specific to the PS. This strategy also includes aligning with the IFRS and minimizing variations between IPSAS and the Government Finance Information.	IPSAS and the IPSASB are undergoing modification. The author eagerly anticipates gaining further insights from academics regarding their perspectives and believes that we may collaborate productively through research and the establishment of standards that benefit the public.
Lokuwaduge and De	The paper aimed to expand upon	***** Three theories were deployed: the**	**Developing countries meet practical challenges while**	The involvement of global funding agencies such as

Silva (2020)	the NPFM concept and contingency model approach to analyze the factors that influence the implementation of accrual-based IPSAS in Sri Lanka.	**NPM Philosophy, the NIS (New Institutional Sociology) framework, and the Contingency Model Approach, developed by Lueder in 2002.** Utilized a qualitative approach, applying the case study technique and documentary analysis to gather empirical information from archival documents.	**implementing the reform in the PS, primarily due to limitations in institutional capacity, extensive political engagement, and bureaucratic decision-making processes.** They added that Sri Lanka has made considerable policy changes in adopting international accounting standards in recent years. On the contrary, larger economies in Asia are still investigating the process. Nevertheless, the political instability in the country had a negative effect on the execution process.	the IMF, World Bank, and the Asian Development Bank, as well as professional bodies like the ACCA, ICASL, and IPASB, was required due to the unstable economic conditions, higher foreign debt, and political turbulence in Sri Lanka. The funding institutions are influential in encouraging the adoption of accrual-based IPSAS in Sri Lanka.
Abdulkarim, Umlai, and Al-Saudi (2020)	Examined the extent to which the PS in Qatar is ready to implement IPSAS, applying the innovation diffusion theory as a framework. The study examined the reactions of accountants and auditors.	The study employed a primary research methodology, using a questionnaire that yielded 101 responses. Data were gathered using a self-administered questionnaire distributed through a judgmental sampling technique.	The most significant factors identified were comparative advantage, hurdles to adopting IPSAS, and satisfaction with the Present system, and potentially the broader region. The results indicate a good correlation between the level of IPSAS implementation and satisfaction with the existing situation.	Future research endeavors should explore the possibility of conducting cross-country studies on applying IPSAS throughout the region.
Mnif and Gafsi (2020)	Evaluated the degree to which the central government has released financial information by accrual-based IPSAS and examined the environmental	Quantitative: Panel Regression, A self-curated checklist consisting of 116 elements was deployed to assess the level of disclosure following IPSAS.	**How different countries adhere to IPSAS disclosure requirements varies notably.** The level of government openness, public administration quality and management, and previous experience with (IAS)/(IFRS) in the PS positively	Additional research on this subject should incorporate a comprehensive range of macro and microeconomic factors at the national and **LG levels.**

	elements that influence this level.		influence this level. However, the government's financial condition has a nonsignificant effect.	
Aribaba, Afolabi, Ahmodu, and Adele (2020)	The article investigated the stakeholders' opinion of IPSAS in the MOF in Ondo State, specifically in Akure.	A survey method was employed. A multi-stage purposive sampling technique and a closed-ended questionnaire were administered.	The study found that stakeholders' perceptions are strongly correlated with the implementation of IPSAS. Similarly, accounting personnel have a significant relationship with the implementation of IPSAS. The government still requires providing organized IPSAS training for personnel.	The lack of training, combined with the fear of the unknown, has discouraged staff from fully supporting the implementation of the standards.
Gebreyesus (2020)	The study aimed to inspect how using IPSAS advances the quality, consistency, and comparability of financial information in government entities, both within and across their jurisdictions.	To ensure triangulation, the study utilized document analysis and interviews with related Ethiopian accounting and auditing board personnel**.**	Implementing IPSAS improves management accountability and transparency by giving timely and unambiguous annual FR. Implementing **IPSAS in PS faces challenges such as a shortage of qualified professionals in asset valuation and PSA, insufficient budget for staff training, complications in recognizing, measuring, and valuing assets, a deficiency of assembled data, and a lack of managerial commitment.** The government's top officials should be dedicated to implementing IPSAS to improve the quality and comparability of financial reports.	The government should prioritize the implementation of IPSAS to draw attention to foreign direct investment. AABE should support the PS by offering training and consultancy facilities in the adoption procedure. The Ministry of Education should review the accounting curriculum to include IPSAS.
Ademola, Ben-Caleb, Madugba, Adegboyegun, and	The study examined the association between the implementatio	Data was gathered from a sample of 180 accountants in the South West	**The empirical findings confirmed that implementing IPSAS had a substantial and**	The authors strongly advise allocating a substantial sum to complete the

Eluyela (2020)	n of IPSAS and the quality of FR in the South West region of Nigeria. Moreover, it examined the key factors that affect the application of IPSAS.	area of Nigeria. Studied through the use of tabulation, graphing, factor analysis, & Goodman and Kruskal's gamma statistics	**favorable impact on FS quality, reliability, and comparability. They also revealed that the cost of implementation, staff training, technological factors, understanding and awareness of IPSAS, and the availability of expertise have a considerable impact on their implementation. However, the research also specified that the implementation of IPSAS is not significantly affected by factors such as institutional commitment, cultural, social, legal, political, and environmental influences.**	acceptance and execution of IPSAS in Nigeria.
Oyewobi and Salawu (2019)	The study investigated the factors influencing the acceptance and implementation of IPSAS in Lagos State.	The population comprised all the bookkeepers and auditors employed in Lagos State's public sector ministries and departments. A sample size of 300 was chosen by applying the stratified random sampling technique. 291 questionnaires were collected from the respondents using the stratified random sample technique. The data were examined via an ordinal logistic regression technique.	The adoption of IPSAS is impacted by the use of a cash accounting-based system, the presence of adequate multidimensional reporting requirements, awareness of the shift to IPSAS, the dedication of central entities and important officials, the implementation of an effective project management structure for IPSAS, and the allocation of a budget for additional human resources. In addition, the adoption of IPSAS is significantly influenced by sufficient technology capacity and information systems, regular updates provided to governing bodies on the advancement made in adopting IPSAS, the	The research proposes that each state consider the mentioned factors to improve the implementation of IPSAS. It has been determined that increasing these factors will enhance the probability of a higher adoption of IPSAS.

			use of interim FS, ongoing testing of internal controls, and efforts to prevent corrupt practices.	
Narsaiah (2019)	The primary purpose was to assess the influence of IPSAS implementation in the Indian PS accounting system, specifically focusing on its effects on effective management and the problems encountered during the implementation process.	Utilized an online cross-sectional survey design. The survey data were obtained from government organizations, including individuals involved in accounting at numerous levels. Data was collected using **convenience** sampling, with a sample size of **50 (Journal Impact Factor 2.4).** The study utilizes a single-factor ANOVA to analyze opinions.	The implementation of IPSAS in the Indian government improves accountability and transparency. The study examined the advantages and difficulties associated with implementing IPSAS in India. Modernizing accounting in government organizations is difficult due to the formulation of gradual and complex accounting standards. The course of modernization is enduring for government organizations in India and worldwide.	Additional research is required to examine the adoption of IPSAS and the disparities between accounting norms in both the private and public sectors. Further investigation should concentrate on the accounting practices and techniques employed in the private sector to identify those that are most appropriate for use in the PS
Ogbuagu and Onuora (2019)	This research aimed to assess the level of IPSAS adoption in South Asia and identify the factors that have hindered its adoption process. The study analyzed the impact of adopting IPSAS on accountability and transparency in Nigerian PS Organizations, focusing on the MOF in Anambra State, Nigeria.	The research was conducted on seventy-five employees in the MOF's financial department. The study collected data from sources. 75 questionnaires were distributed to the accounting departments of the Ministry of Finance in Anambra State. The questionnaires were examined utilizing the Wilcoxon statistical analysis tool.	The implementation of IPSAS has had a considerable impact on accountability and transparency within the Nigerian PS organizations. IPSAS would furnish decision-makers with more meaningful information and enhance the quality of the FR system in Nigeria.	Decrease the level of corruption, enhance PSA and auditing standards, have legislators assume the role of accountability champions, and completely reshuffle public accounts committees. The government should mandate the implementation of IPSAS.

Baskerville and Grossi (2019)	The paper examined and analyzed the glocalization processes involved in implementing IPSAS for financial reporting in the PS.	Theoretical Analysis and Literature Review	IPSAS may be most effectively analyzed using sociological institutionalism. This approach emphasizes maintaining identity and establishing legitimacy while adapting and diffusing standards. In New Zealand, altering the IPSAS standards might be described as glocalization, **which involves adjusting the standards to fit global and local contexts rather than solely focusing on local adaptation.**	The aforementioned perspective offers a novel and valuable viewpoint for future investigations on the dynamics between global and local procedures during standard-setting.
Gomes, Brusca, and Fernandes (2019)	The study elucidated the process of implementing the IPSAS to consolidate reporting in two countries, together with the ensuing benefits and drawbacks.	Examined authoritative papers and executed semi-structured interviews to gather data regarding the evaluation of consolidated FS in both nations.	The findings emphasized the significance of IPSAS in enhancing the standard and utility of consolidated financial statements (CFS).	Additional research can examine the practical changes after implementing consolidation standards derived from IPSAS and the techniques needed to ensure wider utilization.
Chow and Aggestam Pontoppidan (2019)	This study aimed to understand the UN System's application of IPSAS from a legitimacy viewpoint.	A study of the content of publicly available papers from the UN System's records was carried out. The examination used the broader legitimacy theory perspective, focusing on the rationalities behind the choices.	Political considerations and the constant requirement to demonstrate accountability influenced the decision-making procedures. The observed discursive techniques linked the desire for enhanced accountability with the implementation of internationally recognized accounting standards.	Additional empirical investigations are necessary to comprehend how particular organizational cultures and/or structures facilitate or hinder accounting transformation at International Organizations.
Jorge et al. (2019)	This article aimed to offer insights into the procedure of countries	The data were mainly obtained by examining documents and questionnaires	The IPSASB has played a significant role in issuing IPSAS to promote global comparability in the	IPSAS has significant implications for other nations considering

	adapting their accounting standards to align with the IPSAS. This paper utilized a comparative international approach, focusing on Portugal and Spain, to examine the concept of "translation" within the actor-network theory.	administered to the accounting standard setters in the Spanish and Portuguese PS.	reporting of financial information. It has attempted to convince other entities, such as international organizations and regulatory bodies from various countries. In Portugal, adopting IPSAS was further motivated by an additional reason that led to institutional and legal reforms.	harmonizing with the international PSA.
Olaoye and Olaniyan (2018)	The study analyzed the impact of adopting IPSAS on the PS's FM in Ekiti State, Nigeria.	A closed-ended questionnaire was utilized. The validity and reliability of the instrument were judged to ensure the authenticity of the questionnaire items. 188 Ekiti State Accountant General's Office staff members comprised the population. The data attained from the respondents was analyzed by means of basic regression and measures of central tendency.	IPSAS substantially impacts the financial management of the PS in Nigeria. Additionally, the issues faced by the Nigerian public sector are mainly influenced by the expenses incurred in monitoring and recognizing tangible assets possessed by the government. The difficulty of implementing IPSAS in Nigeria rises because many terms used in IPSAS cannot be directly transferred to the country's FR system due to its unique features.	Governments at all levels should prioritize the ongoing training and retraining of accounting personnel responsible for generating financial statements. This is essential for confirming the continued credibility and reliability of FR.
Kartiko, Rossieta, Martani, and Wahyuni (2018)	The study was designed to examine the degree to which government entities have executed accrual-based IPSAS and assess the	FS was obtained from the MOF website to measure accrual levels. The sample comprises data collected from 77 countries between 2008 and 2015, from	Concluded that central governments tactically adopt accrual-based IPSAS. IPSAS enhances fiscal transparency by concentrating on the significant development of accrual accounting principles rather than on accrual commitment	Future research should comprehensively examine fiscal transparency characteristics by breaking down these variables into other dimensions. Enhancing the

	measures linked to fiscal transparency in the central government.	both OECD and non-OECD countries, with BRICS nations. Carried out Confirmatory Factor Analysis (CFA), content analysis, and panel data regression.	and accurate reports. They found a **direct link between the extent of adoption of accrual-based IPSAS and fiscal transparency.**	description of the correlation between accrual-based IPSAS levels and financial openness.
Argento, Peda, and Grossi (2018)	This article elucidated the implementation of IIPSAS in Estonia to update the accounting practices in the PS.	Qualitative Case Study Face-to-Face Interview and Observations. Theoretical Analysis.	Findings specified that the successful implementation of accounting systems aligned with IPSAS was smoothed by the participation of influential individuals (institutional entrepreneurs) with international and business experience. Furthermore, progress in PSA's globally accelerated its transformation in Estonia.	**Further studies might explore the impact of implementing IPSAS on both national and LGs. It could also analyze the factors contributing to the outcomes** of government FR in Estonia and other transitional economies that have adopted IPSAS.
Ada and Christiaens (2018)	Attempted to clarify the causes of deficiencies in the extent of formal and material alignment with regard to the accrual-based IPSAS.	The study examined the legislation, executive orders, and official reports of the Turkish Centralized Government from 2010 to 2014. Additionally, researchers utilized semi-structured interviews to analyze the data from the table and elucidate the disparities observed within the managerial order and the execution of IPSAS. This was **Mixed-**	Stressed that **coercive pressure alone cannot improve performance and modify organizations' internal frameworks**. In contrast, such demands lead to an improper FR. The analysis suggests that **specific details unique to each country contribute to the harmonization levels.** The reasons include a lack of social pressure, which is more prevalent in developed countries, the supremacy of the state over both public matters and the private sphere, and the difficulties that arise during the adoption process.	In addition, it indicates that there are many inconsistencies between the regulation and the executive order. Future research can enhance our comprehension by systematically examining the entire PS, including both the **State government, local governments**, and social organizations. International organizations mainly drove the alteration in Turkey's PSA system.

		Method research.		
Javed and Zhuquan (2018)	This paper outlines the accounting reforms executed by the Pakistani government and the application of the cash-basis IPSAS.	The study employed secondary data. Furthermore, it took into account the inspected media coverage regarding government accounting standards and reports. The study applied a descriptive research methodology and utilized the case study approach to examine the PSA reforms.	The analysis stated that the modifications aim to shift to a complete accrual accounting system. The accounting system effectively combined Network Access Management with SAP software. The reforms also meet all the criteria for switching to an accrual accounting system and establishing a unified one.	The research suggests transitioning from a cash to an accrual accounting system in Pakistan due to the adequate margin observed after implementing new reforms.
Mnif Sellami and Gafsi (2017)	Examined the environmental elements that influence countries' choices to implement IPSAS.	A sample size of 110 nations, descriptive statistics, and univariate analysis were used; multivariate analysis was also utilized.	The findings demonstrated that external public funding, transparency, and the significance of PS entities positively influence the adoption of IPSAS. The study confirms that the presence of local GAAP has an unfavorable impact on this decision, whereas the education level (normative isomorphic pressure) does not significantly influence it. They stated that the major difficulty in executing IPSAS in Bangladesh is the late submission of FR to the auditing authorities (OCAG).	This study establishes a foundation for future research. Analyzing the influence of company-level factors on adopting IPSAS and investigating the significance and outcomes of applying IPSAS to PS enterprises' FS would be interesting.
Babatunde (2017)	The study aimed to give valuable insights to countries adopting	A cross-sectional survey strategy was applied. The study applied stratified	The study's findings specified that all government officials support and embrace IPSAS as a crucial component contributing	To enhance PFM in Nigeria successfully, the study suggests that it is essential to use moral

	IPSAS. The study was designed to make informed strategic decisions. Employed evidence from existing research and empirical analysis. The research examined the factors contributing to Nigeria's delayed adoption of IPSAS.	random sampling. Consisting of data collected from 77 countries from 2008 to 2015, included both OECD and non-OECD countries. Included BRICS nations and deployed documentary analysis and Descriptive Statistics.	to its slow adoption in Nigeria. They added that if it is not addressed, the potential advantages of IPSAS may not be fully utilized, which are crucial for effective governance. The study found that the level of support and agreement from the different government officials is a significant factor that influenced the execution of IPSAS in Nigeria.	persuasion with government officials to implement and utilize IPSAS. They said it is highly beneficial for the implementation of IPSAS in order to achieve a transparent administration that protects the interests of Nigerians.
Obara and Nangih (2017)	The study investigated the impact of adopting International Public Sector Accounting Standards (IPSAS) on government financial reporting in Nigeria.	The information was exhibited utilizing tables and charts. The data was subsequently examined using basic percentages. The study used a descriptive research method to gather information.	The study found that implementing IPSAS will lead to greater financial transparency and accountability, improved financial and resource management, enhanced internal controls, increased efficiency in decision-making, and better governance. It also provided evidence that implementing IPSAS will assure credibility and integrity, which are essential for aligning with the international standards in FR.	The researcher strongly advocates for and suggests adopting and seamlessly implementing an accrual-based government financial reporting system. Suggest revising or examining the financial regulations and Financial Memoranda of Local Governments.
Brusca, Gómez-villegas, and Montesinos (2016)	This article sought to provide a rich understanding of IPSAS implementation in the Latin American environment, including the factors that motivate its adoption and the resulting influences.	Documentary Analysis In-depth Interview	Latin American countries are increasingly adopting IPSAS, indicating a developing international trend, the investigation revealed. However, apparent difficulties were hindering the achievement of reform goals. Adopting IPSASs in the global arena appears to serve as a mechanism for the	The deployment of IPSASs is more linguistic than applied. In those countries, the FS are not being utilized in the decision-making procedure in public entities. The study concluded that the IPSAS are

			modernization, standardization, and comparability of governments' financial reporting. The governments sought to update their accounting systems to enhance openness and the quality of FR.	still perceived as a goal.
Brusca and Martínez (2016)	This article used a structural equation model to examine the factors that encourage or hinder the adoption of IPSAS and their primary advantages.	The data was gathered by administering a questionnaire to accounting officials responsible for central government financial reporting. They dispatched the questionnaire to a knowledgeable academic specialist in the respective country for those countries that have yet to respond. The paper used SEM as its methodology. It enables the association of many metrics with a single underlying construct. Utilize the partial least-squares structural equation modeling (PLS-SEM).	The findings indicated that implementing **IPSAS leads to immediate benefits in terms of comparability and modernization**. Both nations have adopted these standards, and those that have not have placed value on these beneficial consequences. Accountability and openness are crucial for rebuilding citizen confidence in governments, and to achieve this, contemporary accounting systems are needed. When governments update their systems, they may be motivated to implement IPSASs. However, **some obstacles can impede this process.** Of the 37 countries, 15 have executed IPSAS. Additionally, three European Union countries and seven American countries plan to implement IPSAS-like reforms.	IPSAS will serve to standardize the accounting systems of European Union countries. EPSAS will adopt IPSASs, thus validating their effectiveness and credibility in modernizing and standardizing governmental accounting.
Opanyi (2016)	The study examined the effect of implementing IPSAS on the quality of financial reports,	The study utilized a descriptive survey design; the Survey covered 19 ministries of the Government of	The adoption of IPSAS led to enhancements in the quality of comparability, relevance, timeliness, and faithful representation. However, the quality of	NPFM reforms should enhance the PS's financial management by adjusting budget legislation and financial

	focusing on achieving the requirements for decision usefulness.	Kenya (GOK). Descriptive statistics and t-tests are used to analyze and compare differences. A paired sample and A t-test were conducted to determine if there were any significant changes in quality ratings between the previous accounting standards.	understandability dropped. There was no notable disparity in the aspects related to openness and accountability. The study also claimed that implementing IPSAS had a minor impact on the quality of financial reports in Kenya's public sector. The study determined a statistically significant distinction between FR based on the previous accounting standards and FR based on IPSAS, meeting the requirements for decision usefulness.	procedures for public entities.
Olayinka, Okoye, Modebe, and Olaoye (2016)	The paper investigated the influence of implementing IPSAS on the standard of FR in the PS of Nigeria.	The survey design methodology was employed to gather data by employing a questionnaire. The study employed the Ordinary Least Squares (OLS) regression analysis method to study the influence of IPSAS. The research utilized adjusted R2 as the primary criterion for evaluating the model specification. Descriptive statistics were also utilized.	The regression analysis revealed that implementing IPSAS has a notable and favorable effect on the quality of FR in Nigeria's public sector.	The regulatory authorities should implement appropriate procedures to guarantee that people responsible for creating public sector financial statements comply with regulations. The necessary steps should be taken to improve the transparency of relevant financial data, enabling users to make informed economic decisions.
Gomes, Fernandes, and Carvalho (2015)	The paper examined the execution of IPSAS in Portugal. It focused on the perspectives of various	**Two rival theories, namely NPM and the institutional theory, are employed**. The concept of	Various parties are involved with the favorable timing and circumstances of the reform. the primary catalysts driving reforms in public accounting are the	Proposed, after several years of the reform having begun, it would be interesting to analyze the achieved outcomes and the

	stakeholders. The study explored the factors that drive the acceptance of IPSAS in the Portuguese environment, including the reform's aims, desired outcomes, approaches, tactics, and blocks. Additionally, the amount of agreement among stakeholders' perspectives was also considered.	**contingency theory is also considered**. Information was gathered through a review of publicly available papers, reports, regulations, and interviews with necessary parties on the usage of IPSAS in public accounting. The empirical data were collected through a two-step process. Conducted five semi-structured interviews with Key Informants.	financial crises and significant external pressures to reduce public deficits and improve the accuracy of financial information. Besides, stakeholders advocate for the application of varied measures to confirm accomplishment.	discrepancy between the expected objectives. Also, **suggested to examine the primary challenges met during the execution process.**
Adhikari, Kuruppu, Wynne, and Ambalango dage (2015)	This article examined the application of the Cash-Basis IPSAS in Nepal, an emerging country recognized as a leader in its adoption.	This research utilized diffusion theory. The data for the paper were obtained through document analysis and semi-structured interviews.	The acceptance and execution of the Cash Basis IPSAS in Nepal was primarily characterized by the overstated speech rather than real practice. The assertion that the Cash Basis IPSAS is becoming increasingly popular among less developed countries is debatable. Less developed countries were recommended to initiate their PS accounting reforms by first adopting the Cash Basis IPSAS. They can then consider transitioning to accrual accounting in the future. Although several governments in less developed countries have shown willingness to adopt the	The study highlights the importance of identifying effective accounting procedures for less developed nations instead of imposing the symbolic adoption of the Cash Basis IPSAS. An effective tactic could involve booting specific elements of modified cash accounting.

			Cash Basis IPSAS officially, there are still doubts and uncertainties surrounding its implementation and verification. The formal adoption of the Cash Basis IPSAS by less developed country governments does not guarantee the successful implementation of the Standard in the near or medium future.	
Alshujairi (2014)	The primary objective of the research was to carefully assess the practicality, effectiveness, and capabilities of implementing the International IPSAS (accrual basis) in Iraq. The study primarily focused on the central government.	The research employed qualitative methodology. A questionnaire survey was conducted among accountants in the finance ministry, auditors in the Iraqi Supreme Audit Board, and government accounting professors in Iraqi universities. A survey was disseminated to a sample of sixty individuals. Tables, charts, and percentages were deployed for the study.	The paper highlighted the imperative to revamp the GA system by implementing IPSAS accrual accounting.	**The Iraqi government must enact more reforms in public sector management and public financial management. It is essential to train highly skilled and professional accountants and establish and enhance an accounting information system using applied information technology.**
Bellanca and Vandernoot (2014)	This research aimed to assess the degree to which the IPSAS has been implemented in the	Based on a survey, the study categorized the states according to their levels of formal adoption of IPSAS. The research	The survey revealed **significant irregularities among the member states. Both in terms of implementing IPSAS and the specific accounting methods applied.** Furthermore,	A future article incorporating more data has the potential to result in a more comprehensive analysis and substantial findings.

	European Union (EU) member states. Following an overview of the legal structure in the European Union and an examination of the existing research on the adoption of IPSAS in EU member states.	examined the various accounting methods applied by the states.	stated that IPSAS is not officially approved by many European member states. There is a growing demand to employ contemporary accounting systems that are similar to IPSAS and are based on accrual accounting.	
Ijeoma (2014)	This study assessed IPSAS's influence on FR's dependability, trustworthiness, and honesty in managing state governments in Nigeria.	The population comprised junior, intermediate, senior, and professional accountants, internal and external auditors, cash officers, and a few accounting teachers at Nnamdi Azikiwe University, Awka. **The population size was 45.** The statistical methods employed encompassed the Chi-square test, the Kruskal-Wallis test, and descriptive analysis.	The research demonstrated that adopting IPSAS will enhance the dependability, trustworthiness, and honesty of financial reporting in the administration of the State Government in Nigeria. Furthermore, it has been noted that adopting IPSAS-based standards can enhance effective internal control and outcome-oriented FM in Nigeria's PS.	**The governing body should hire professionals to lead the process and bring in external experts to leverage the most effective methods. Furthermore, there is a significant requirement for high-quality instruction and education of pertinent personnel to understand IPSAS comprehensively.**
Oulasvirta (2014)	The study outlined the factors that influenced the FGAB's decision and provided an analysis based on	The paper employed an approach that involves a literature review, interviews, a documentary assessment, and	Findings stated that adopting IPSAS may not gain popularity in industrialized countries that have previously implemented other accrual accounting frameworks in the PS, differing from IPSAS.	IPSAS may not become widespread in developed nations that have already been utilizing diverse accrual accounting

	institutional theory.	participant observation.	The IPSAS will likely be voluntarily adopted or serve as a source of inspiration for accounting institutions in nations that follow the Anglo-American accounting culture. However, many developing countries will increasingly adopt the IPSAS due to external influences. **This will result in a gradual and fractional implementation of IPSAS standards rather than an immediate and complete adoption.**	systems. IPSAS will be willingly adopted by the accounting institutions in the Anglo-American accounting practices. Many emerging nations will be utilizing the IPSAS due to the external coercive pressures. But the complex accrual standards may be unfeasible in LDCs. Thus, **it will lead to the gradual and fractional implementation of IPSAS.**
Brusca, Montesinos , and Chow (2013)	This article examined the consequences of implementing IPSAS in Spain.	Documentary Analysis and LR	Factors that influenced IPSAS in Spain include the political necessity to showcase enhancements in PS accountability, the presence of governance systems based on 'code-law', forces from the European Union on normalizing business accounting practices, and the credibility gained from leading global organizations adopting IPSAS.	Despite its increasing global recognition, researchers have encountered difficulties accurately evaluating the results of implementing IPSAS due to the scarcity of published information in Spain and other countries.
Bellanca and Vandernoot (2013)	This article describes the existing PSA systems in Belgium and examines their level of conformity with the IPSAS.	Examined the adherence of Belgian PSA to three specific IPSAS, namely IPSAS 1, IPSAS 6, and IPSAS 22. Narrative Analysis	The adoption of the 2003 PSA reform and adherence to IPSAS standards differ significantly among different organizations. PSA in Belgium is now undergoing modernization efforts, although public authorities are not very interested in implementing IPSAS. Indeed, while accrual accounting is increasingly utilized in	Further study is required to comprehensively analyze all IPSAS and their implementation by Belgian public organizations. A paper could additionally examine the execution of the accounting reform and offer guidance to executives. It is

			public enterprises, it still needs to fit the specific criteria of the PS. IPSAS provides the benefits. However, it is essential to note that IPSAS also has drawbacks and has yet to be fully developed worldwide.	crucial to prioritize the complete execution of the 2003 reform by every level of government.
Alesani et al. (2012)	Investigated the factors and motivations for accounting reforms in PS organizations. In 2009, the World Food Program (WFP) was the initial organization within the United Nations system to accept and implement IIPSAS.	Documentary Survey and Observation. Narrative and theoretical analysis were carried out. This study examines the appropriateness of Lueder's model of contingency and its following version.	The WFP's case was framed as deploying the contingency framework, and the study's outcomes are subsequently used to enhance the contingency model for executing accounting changes in intergovernmental organizations (IGOs). This paper expanded the contingency paradigm to IGOs, which accounting scholars have mostly overlooked.	Future empirical research has the potential to broaden, concentrate, or validate the modified contingency model outlined in this work.
Adhikari and Mellemvik (2010)	The paper examined the roles and contributions of international financial institutions in spreading thoughts about PSA reform, specifically IPSAS ideas, across South Asia, using institutional perspectives.	Documentary Analysis and LR through the lens of Institutional Theory	**Most South Asian countries have planned to use cash-basis IPSAS to establish accrual accounting. International financial institutions have circulated a misconception in the region that accrual accounting is contingent upon prior compliance with the cash-basis IPSAS. But the countries' endeavors mainly focus on modifying rather than on the whole implementation of IPSAS in all significant areas.** The study showed that government accounting in all South Asian countries is	The research work raises questions about whether and to what extent the cash basis IPSAS will benefit PS management modifications in South Asia.

			experiencing a phase of transition and modernization.	
Christiaens et al. (2010)	The study applied an expert survey to analyze the extent to which European governments implement IPSAS accrual accounting and to investigate the factors accounting for variations in adoption stages.	Survey Research. Tabular Analysis, Percentage	The shift towards accrual accounting might be related to the necessity for transparency and effectiveness. A few countries choose not to adopt IPSAS as they prefer local private accounting guidelines. Several countries utilize a cash-based accounting system. Stated that Europe has widely embraced accrual accounting. Several nations intending to use accrual accounting shortly will not adopt IPSAS as their initial framework. Furthermore, they firmly believe that implementing IPSAS will enhance the comparability of financial information.	The paper proposes that adopting IPSASs in South Asia can be better comprehended by considering the concept of legitimacy. Observing the push towards adopting cash-based IPSAS and its implementation in other emerging nations is intriguing. Subsequent research can investigate these issues.

3.3.5 Summary of the Table

Implementing IPSAS accruals in FR faces many challenges and complications. These include adequate time, funding, professional capacity development, organizational elements, political support, technical proficiency, infrastructure, and legal frameworks (A. Ismaili et al., 2021), according to A. Haija et al. (2021) each country has specific conditions that must be measured to determine the factors that could either facilitate or hamper the effective implementation of IPSAS. Their study results exposed that local laws and physical facilities were the main factors influencing the implementation, while employees' training was considered the least significant. The study found a strong and statistically significant correlation among training, local laws, infrastructure, external support, and stakeholder commitment with IPSAS.

Researchers conducted a study in Nigeria that stated that the use of IPSAS promotes accountability and openness among public officials in the ministry. The government should allocate the required resources to establish and maintain IPSASs in the PS fully, to address corruption effectively (Nzewi & Enuenwemba, 2020). The empirical evidence of Ademola et al. (2020) also showed that implementing IPSAS had a significant and positive consequence on the quality, reliability, and comparability of FSs. Again, the results of Brusca and Martínez (2016) stated that IPSAS brings about immediate returns in terms of comparability and modernization. Likewise, the study of Tawiah (2023) suggested that adopting IPSAS has a positive and significant influence on the quality of governance. Researchers also claimed that IPSAS is essential for fostering accountability and openness in the government's interaction with its constituents. However, the results they collected suggest that the positive effects of IPSAS are limited to developing countries. A study reviewing the developing nations' research found that the implementation of IPSAS in Indian governments improves accountability and transparency (Narsaiah, 2019). Ijeoma (2014) and Ogbuagu and Onuora (2019) have also found the same results for Nigeria. Cuadrado-Ballesteros and Bisogno (2021) stated that the states that have permitted PSA reforms, such as adopting accrual-based accounting systems and implementing IPSAS, have greater influence on the quality of governance (Gebreyesus, 2020).

Gebreyesus (2020) further stressed that the government's top officials should be dedicated to implementing IPSAS to improve the quality and comparability of financial reports. The government should prioritize the implementation of IPSAS in order to draw attention to foreign direct investment. More precisely, Cuadrado-Ballesteros and Bisogno (2021) research supported that IPSAS positively influences the level of responsibility, the effectiveness of government, the standard of regulation, adherence to legal principles, and the capacity to address corruption. Nevertheless, these reforms have not had any impact on political stability. Using a sample size of 110 nations, the study results of Mnif Sellami and Gafsi (2017) indicated that the adoption of IPSAS is positively influenced by external public funding, external transparency, and the importance of public sector institutions. The study showed that local GAAP negatively affects this decision, whereas the education level (normative isomorphic pressure) does not significantly influence it. The main hindrance to implementing IPSAS in Bangladesh is the untimely submission of accounting documents to auditing bodies.

The analysis of Brusca, Gómez-villegas, et al. (2016) stated that Latin American governments are progressively accepting IPSAS. The research indicated a growing global trend in IPSAS adoption. However, apparent obstacles are hindering the achievement of reform objectives. The use of IPSAS can function as a means to update, standardize, and facilitate the comparison of FR by governments globally. The governments deployed IPSAS to modernize their accounting systems to boost transparency and the accuracy of FR. Ademola et al. (2020) demonstrated that the cost of implementation, staff training, technical factors, understanding and awareness of IPSAS, and the availability of expertise have a considerable impact on the implementation of IPSAS. However, the data also indicated that the implementation of IPSAS is not significantly affected by factors such as institutional commitment and cultural, social, legal, political, and environmental influences. The factors found in Abdulkarim, Umlai, and Al-Saudi (2020) study included relative advantage, barriers to adopting IPSAS, satisfaction with the existing system, and the possible influence in the broader area. The findings show a strong association between the degree of IPSAS implementation and satisfaction with the current practices.

The degree of government transparency, the quality of public administration and management, and previous familiarity with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS) in the PS positively influence this level. Yet, the government's financial condition has an insignificant influence (Mnif & Gafsi, 2020). The study of Aribaba, Afolabi, et al. (2020) found a significant relationship between stakeholders viewpoints and the implementation of IPSAS. Researchers claimed that the accounting personnel play a crucial role in the implementation of IPSAS. Thus, the government must continue to offer systematic IPSAS training for its people. The personnel from fully endorsing the application of the standards hampered by the lack of proper training, combined with worry about unfamiliarity. The level of support and agreement from the different government officials was a significant factor that influenced the execution of IPSAS in Nigeria (Babatunde, 2017).

Ada and Christiaens (2018) highlighted that relying solely on coercive pressure is insufficient for boosting actual performance and modifying the internal structures of organizations. Conversely, these demands result in a detachment in the process of FR. The analysis indicates that distinct factors specific to each country contribute to the disparity in levels of harmonization. Adhikari et al. (2015) said long before that a viable strategy for less developed countries could entail advocating for distinct components of modified cash accounting instead of Cash basis IPSAS, as the formal adoption of the Cash Basis IPSAS by less developed countries' governments does not guarantee the successful implementation of the Standard in the near or medium future. That’s why Gomes et al. (2015) advocated examining the primary challenges encountered during the implementation process.

Argento et al. (2018) suggested that subsequent research investigate the effects of adopting IPSAS on national and local governments. Additionally, future research can examine the factors that influence the results of government FR in Estonia and other transitioning economies that have implemented IPSAS (Argento et al., 2018). Ijeoma (2014) suggested that the governing body should hire professionals to lead the procedure and include external professionals to take advantage of the most effective methods. Alshujairi (2014) stressed that training highly competent and professional accountants is crucial, as is establishing and improving an accounting information system with the integration of applied information technology. Jorge et al. (2021) stated that their findings do not offer enough data to ascertain if the entities’ lack of commitment is due to the inherent characteristics of the new PSA system, such as its proximity to IPSAS, or if it is instead impacted by the national accounting culture. They also explicitly stated that the questionnaire does not address this specific topic, so conducting interviews would be necessary to delve into it. Narsaiah (2019) said further investigation is necessary to analyze the implementation of IPSAS and the discrepancies in accounting standards between the commercial and governmental sectors. Chow and Aggestam Pontoppidan (2019) Further empirical research is suggested to understand how specific organizational cultures and structures support or impede accounting transformation in International Organizations.

Mnif and Gafsi (2020) suggested that additional research on IPSAS should incorporate a comprehensive range of macro and microeconomic factors at the national and Local Government levels (Ada & Christiaens, 2018; Argento et al., 2018; Mnif & Gafsi, 2020). Nzewi and Enuenwemba (2020) conducted a study on IPSAS, which was undertaken in response to the incongruous and conflicting findings observed in previous studies. The main aim of this study was to enhance the intellectual debate on implementing IPSAS (Narsaiah, 2019). The application of structural equation modeling and mixed methods in IPSAS research is not entirely new, although the number of studies conducted through SEM and mixed methods is very limited. Brusca and Martínez (2016) employed SEM to identify the factors influencing IPSAS adaptation. Ada and Christiaens (2018) employed mixed method research to explain the reasons for shortcomings in compliance levels, both in terms of formal and material aspects, with respect to the accrual-based regulations in IPSAS.

In summary, although IPSAS implementations have many perceived benefits, past studies have revealed numerous factors that positively or negatively influence their adoption. Therefore, the researcher claimed that country-specific aspects deserve examination, and IPSAS research may be extended to encompass more governmental sectors, such as local government. Prior scholars have also asserted that the interview method, advanced statistical models such as SEM, or complementary data collection approaches may yield better outcomes.

3.3.6 Previous Research Explaining the Criticism of AR based on IPSAS

Many countries have voluntarily adopted the IPSAS for FR as IPSAS has been claimed to enable the comparison of FR across adopters and to deliver favorable situations in markets for credit, among other stated benefits. Nevertheless, governments are facing the dilemma of implementing standards, which includes the trade-off between maintaining the current adoption, adopting only partially, making full adaptations, or choosing not to adopt the standards (Polzer, Adhikari, Nguyen, & Gårseth-Nesbakk, 2021). Implementing IPSAS can be intricate and expensive, resulting in potential discrepancies in how the standards are applied, even among countries that profess to fully adopt them (Schmidthuber, Hilgers, & Hofmann, 2022). In addition, there may be some fluctuation that could impact the findings; however, Tawiah (2023) claimed that when considering the effect of IPSAS on governance quality, they observe that it is more advantageous for developing nations and more likely to have negative consequences in wealthy countries (Tawiah, 2023). Therefore, the adoption of accrual-based IPSAS may not consistently yield the desired results for every country. Below are some examples of current studies on the negative consequences of accounting reform.

Table 11: Previous Research Explaining the Criticism of AR based on IPSAS

Authors (Years)	Objective/Area	Methods/ Variables	Major Findings	Policy implications/Suggestions
Bakre et al. (2022)	The study provided a thorough analysis of how neoliberalism, viewed as a	Researchers employed a qualitative approach to identify and analyze	Although there has been some reduction in the amount of debt owed and the implementation of IPSAS, Nigeria	Differing from neoliberal norms, the study suggests that improved accounting may not be an essential

	concept of neo-colonial reliance, and IPSAS, seen as a technology of a novel type of financial imperialism, impact Nigeria's debts.	unfamiliar topics within the existing literature on neoliberalism and accounting. The study was based on the theoretical framework, analytical approach, and investigative methodologies of the political economics of neoliberalism and accounting. The data were attained through interviews and the scrutiny of archival records.	continues to suffer from widespread corruption, heavily relies on loans from influential countries and global financial organizations, and has once again accumulated significant debt. Contrary to neoliberal assumptions, researchers present evidence suggesting that improved accounting practices may not always be a solution for economic development.	solution for economic development.
Caruana and Grima (2019)	The scholarly research on IPSAS adoption does not clearly indicate whether this would result in a fiscal deficit metric that closely aligns with what is stated in national accounts. This paper provides a case study to elucidate this predicament.	This study analyzed the 'readings' of a specific member state. It then considered the ESA balance and, by working backward, predicted the IPSAS deficit. The study necessitated extensive documentary investigation. The researcher conducted **eight** interviews with the individuals responsible for preparing EDP Table 2A.	The authors demonstrated that adhering to IPSAS will yield a deficit measurement that significantly deviates from the statistical measure, increasing the existing misunderstanding.	The responsibility is transferred to the reporting member state, and the European Commission does not need to concern itself with small-scale systems and conversion tables but can instead concentrate on comprehensive macro-surveillance. This aspect deserves further scrutiny in future investigations.
Laswad and Redmayne (2015)	Consulted preparers of PS financial reports to gather their opinions on the users of these reports and their choices	A questionnaire was formed. The OCAG provided a compilation of PS entities and their respective chief executive officers (CEOs). Most of the	The advantages of reporting outweigh the drawbacks, challenging the notion that these reports are merely compliance records with limited value. The study indicated	The study was conducted during significant changes in PS reporting in New Zealand; they advocated that further research could offer valuable insights by linking

	for the PS reporting framework. Additionally, the opinions of the individuals responsible for preparing the FS were solicited on the effectiveness of each statement for users.	respondents are male LG CFOs with widespread job experience in the PS. Table, charts, and narrative analysis methods were applied for analysis.	that PS FR are used mainly by management. This finding is interesting because neither the IASB nor the IPSAS frameworks considers 'management' to be the main user of FR.	perceptions during transition periods with an improved reporting environment.

3.3.7 Summary of the Table

Improved accounting practices may not always serve as a remedy for economic progress. (Bakre et al., 2022). Caruana and Grima (2019) have shown that following IPSAS will result in a deficit assessment that deviates significantly from the statistical measure, intensifying the current confusion. In contrast, Laswad and Redmayne (2015) claimed that the benefits of reporting surpass the disadvantages. However, the study's findings also revealed that IASB and IPSAS frameworks do not recognize 'management' as a primary customer of financial reports. The main purpose of these reports is to serve external stakeholders. Researchers also claimed that implementing IPSAS may not yield considerable benefits for wealthy nations that currently have a well-established accrual-based PSA system. Existing literature overwhelmingly supports the notion that IPSAS has been advantageous for emerging nations (Tawiah, 2023). Therefore, the adapters must consider the economic advantages of implementing IPSAS regardless of the circumstances.

3.4 PSA Reform and IPSAS Scenario in Bangladesh

Due to their reliance on donor organizations, developing countries face institutional pressure to reform the PSA (Adhikari et al., 2013). Due to donor pressures, the central government of Bangladesh intended to provide its initial IPSAS-based financial accounts for core ministries and other specialized agencies for the fiscal years 2007–2008 and 2009–2010, respectively. And pledged that commitment a long ago (Chowdhury, 2012). Numerous publications have said that Bangladesh is implementing the Cash Basis IPSAS as a part of its financial reform efforts (Chowdhury, 2012; Hakeem, 2012; Rajib et al., 2019). However, we are now operating under a traditional cash-based accounting system.

The arrangements deviate significantly from international standards due to a variety of limitations (ACCA, 2017; Miraj & Wang, 2018).

The Bangladesh Government has launched the Integrated Budget and Accounting Systems (iBAS) as part of its efforts to reform the Public Service Administration (PSA) and align with the concept of New Public Management (NPM). However, iBAS has enhanced the structural integrity of PS accounting, but did not focus on methodologies such as cash basis versus accrual basis (Rajib, Sajib, & Hoque, 2017). A decade has passed, and the implementation of the Cash Basis IPSAS commitment has not been completed yet. Neither the main ministries nor specialized public sector institutions in Bangladesh have implemented the Cash Basis IPSAS, as recommended by the World Bank and other donor agencies. The adoption is being made critical by the emergence of technical, political, and conceptual challenges (Rajib & Hoque, 2016). Recently, the Bangladesh government decided to apply cash-basis IPSAS for FR starting from the fiscal year 2018-2019. Again, in 2022, the FRC, Bangladesh, also provides IPSAS-based guidelines for the statutory public authorities, including LG. To achieve this, the government has formed different committees and taken various steps to reform the PSA system (Khusru et al., 2022; Rajib et al., 2019). However, progress towards this reform is still ongoing.

Numerous research endeavors grounded in the PS were conducted in Bangladesh. However, the quantity of research studies relevant to PSA reform is quite limited. The table below presents several research studies on the issues.

Table 12: Previous PSA reform and IPSAS Research in Bangladesh

Authors (Years)	**Objective/Area**	**Methods**	**Major Findings**	**Policy implications/Suggestion**
Rahman, Hasan, and Jahan (2019)	This paper investigated public fund management in relation to the stewardship responsibility report provided by the responsible authority.	Documentary Analysis. Ordinary least squares.	The study results showed that the degree of accountability is below the standard for citizens to assess the performance of public officers. To guarantee responsibility in PFM in Bangladesh, the paper strongly advises professionalism. Also, the degree of	The paper suggested improving PSA and auditing standards.

			corruption has to decrease.	
Rajib et al. (2019)	The article analyzed the reforms in PSA, namely the adoption and implementation of the Cash Basis IPSAS in Bangladesh's national government. Utilizing the concepts of new institutionalism, this article examines why the country has adopted the Cash Basis IPSAS but has yet to experience delays in its actual implementation. Compared to neighboring nations such as Nepal and Sri Lanka, Bangladesh's rate of change is.	Documentary Analysis and Unstructured Interviews. Thematic Analysis.	The central government of Bangladesh currently exhibits diverse methods for dealing with Cash Basis IPSAS. The differences between Bangladesh and other emerging nations have reduced due to the increased influence of institutional pressures. However, IPSAS in Bangladesh may be more of a literary commitment than an actual implementation. The study establishes that the level of involvement of professional accountants and their associations in reforms directly impacts the paths of PSA reform in developing countries. The suggested Cash Basis IPSAS was promptly approved at the country's institutional/political level.	Additional research on the implementation of the Cash-Basis IPSAS is needed to gain a deeper understanding of PSA reforms in emerging nations. Future studies can examine the involvement of international organizations and professional accountants in developing countries to establish their interests and influence.
Rajib et al. (2017)	The chapter examined the effectiveness of computer-aided mechanisms in PSA in Bangladesh. The chapter also examined the progressive performance of several facets of the PSA, such as bill passing and check clearing, to assess the	Conducted through documentary analysis	Using iBAS is likely to enhance the PSA. Thus, it is anticipated that the implementation of the iBAS system will improve the efficiency of public spending. The implementation and advancement of iBAS have enhanced both the administrative procedure of PSA and the transparency of public accountability. It has accelerated the accounting activities	Future studies have the potential to identify more effective approaches to integrating PSA and ICT, hence enhancing the links between these disciplines.

	efficacy of ICT in PSA.		inside various PS accounting administrations and divisions.	
Rajib and Hoque (2017)	Examines the utilization of Information and Communication Technology (ICT)/IBAS in the PSA of Bangladesh.	Data were collected through documentary Analysis and FGD. Conducted Narrative Analysis.	The various accounting authorities of the Bangladesh government have gained advantages from the use of ICT-based PSA. The implementation of ICT can be viewed as a transformation in the infrastructure of PSA rather than a change in methodology. The iBAS is beneficial for both enhancing the effectiveness of managerial processes and ensuring public accountability about the PSA. iBAS has enhanced the robustness of PSA by focusing on improving its structural integrity rather than choosing between cash-basis and accrual-basis approaches.	Future studies have the potential to integrate PSA and ICT or explore the interrelationships between these two fields.

3.4.1 Summary of the Table

Rahman et al. (2019) stated that the level of accountability falls below the established criteria for citizens to assess the performance of public officials. The study strongly recommends adopting professional standards to ensure accountability in the management of public finances in Bangladesh. Furthermore, they recommend diminishing the level of corruption. Upgrading PSA and auditing standards could potentially ease the problem. Rajib et al. (2019) stated that the government of Bangladesh employs various approaches to implement the Cash Basis IPSAS. The gaps between Bangladesh and other developing nations have been minimized due to the increased influence of institutional pressures. However, the adoption of IPSAS in Bangladesh may be more symbolic than practical. The study demonstrates that the extent of participation of professional accountants and their associations in reforms directly influences the course of PSA reform in emerging nations. They further added that the government personnel needed to gain knowledge of the Cash Basis IPSAS, and the country also required greater capacity and expertise to ensure compliance with the standard in government organizations. IBAS supports the implementation of cash-based IPSAS. Moreover, utilizing iBAS is expected to improve the PSA. Therefore, the introduction of the iBAS system is expected to enhance the effectiveness of public expenditure. Researchers argued that the introduction and progress of iBAS have improved both the administrative process of PSA and the precision of public accountability. It has accelerated the accounting operations within numerous PSA departments and divisions (Rajib & Hoque, 2017). However, the adoption of ICT can be seen as a fundamental alteration in the infrastructure of PSA rather than a shift in technique. iBAS has reinforced PSA's strength. It prioritizes the enrichment of its structural integrity; however, iBAS did not address choosing between cash and accrual basis methods (Rajib et al., 2017).

3.5 Local Government Accounting Reform

The efficiency and transparency with which an LG can provide services largely rely on the extent and features of its accounting system. Accounting is responsible for measuring and documenting growth and achievements. It allows individuals and stakeholders to evaluate the efficacy and efficiency (Broadbent & Guthrie, 2008; Hoque & Moll, 2001). Thus, accounting Practices are essential instruments that enable LG to effectively and honestly manage public resources, specifically money. Therefore, improved FM by the municipalities is essential to ensure good governance (Bhattacharya et al., 2013).

The LG of Bangladesh has been under increasing pressure to enhance its financial performance by following the IPSAS in recent years. In addition to implementing IPSAS, the LG is also accountable for the reporting obligations imposed by several legislative bodies, like the FRC. Accordingly, LG requires the necessary institutional structures to promote transparency and accountability. It is anticipated that adopting accrual-based IPSAS and ISSAI or ISA in governmental/PSA and auditing in Bangladesh would result in quality reporting and reliable audits of government departments and PS entities/institutions (Chowdhury, 2012).

The LG is a crucial component of the PS. Moreover, it has nearly identical criteria to those of the central government. Researchers from several nations have conducted numerous studies on reforming local government accounting, with a notable focus on adopting and implementing IPSAS. The table provided a few of those research endeavors.

Table 13: Previous PSA Research in LG

Authors (Years)	**Objective/ Area**	**Methods**	**Major Findings**	**Policy implications/Suggestions/ Future research**
Harun, Eggleton, and Locke (2021)	This study aimed to critically assess the institutionalization of IPSAS in Indonesia.	This case study approach relied on assembling data from written documents and conducting interviews with individuals and organizations engaged in the development and execution of IPSAS in Indonesia.	The model demonstrated that the spread of innovative ideas and their conversion into new forms of communication were established as standard practices at the economic and political levels. The adoption of IPSAS within the organizational domain is marked by limited use of IPSAS-based reports for decision-making purposes. In Indonesia, the implementation of IPSAS is primarily influenced by external actors rather than local governments.	The IMI model has the potential to be used in future studies to conceptualize and elucidate how a PS organization adopts a system of accounting in different countries. The model has the potential to facilitate a comparative analysis of the implementation of IPSAS by two or more organizations.
Dianto and Aswar (2020)	This study examined the influence of top management support, training, and communication on implementing accrual accounting.	The research's hypotheses were examined using survey data collected from 63 working units in Cianjur Regency. Subsequently, the assumptions were examined using SEM	This study discovered a **substantial correlation between the backing of top management and training and the effective execution of accrual accounting.** However, there is no substantial correlation between communication and the execution of accrual accounting.	**Interview methodologies are necessary to investigate the usage of accrual accounting further for a deeper understanding.** Furthermore, future studies are anticipated to broaden the scope of the investigation.

		utilizing SmartPLS 3.0.		
de Azevedo, de Aquino, Neves, and da Silva (2020)	The report examined the impact of transitioning from a universal to a phased implementation approach on continuing accounting changes in Brazilian municipal governments.	**Researchers employed a sequential mixed-method approach, uniting both qualitative and quantitative elements.** The mixed-method design commenced with an initial qualitative phase, employing an inductive approach through interviews. It culminated in a subsequent quantitative study of a dataset comprising FS from LG.	The deadline delay resulted in a decline in the local government's desire to undertake reforms. The variation in this effect depends on whether the accountants depend on commercial software to implement a specific accounting policy. This study revealed that software companies in Brazil somewhat determine the IPSAS implementation agenda. The extensive outsourcing of accounting software by Brazilian LG significantly limits and influences the progress of the national IPSAS project for LGs.	**Suggested implementing a step-by-step adoption strategy based on their importance and practicality.** Crucially, regardless of whether a universal or gradual method is chosen, those responsible for setting standards must ensure they do not repeatedly delay the process. Instead, they should collaborate with all levels of government to meticulously design local IPSAS programs and effectively communicate a well-defined and consistent reform objective.
Carini, Giacomini, and Teodori (2019)	This article is intended to examine the perspective of financial officers in LG in Italy regarding the users, purposes, and effectiveness of the consolidated FR. Italy became one of the first nations to make the adoption of this report mandatory.	A survey was distributed to a **statistically stratified sample** of LG, resulting in 133 replies. The sample is created through stratification, **where certain councils are excluded based on specific criteria. The results were evaluated using the SEM and employed** a 5-point Likert scale.	Noticed that the acceptance process is mainly driven by social legitimization pressure instead of accountability norms or performance assessments. The evidence suggests that the report is considered a potential tool for executing performance evaluation measures within a group setting. However, grasping this potential depends on the level of cooperation exerted by the LG.	The article examines the increasing importance of public governance and its role in coordinating local public entities. In future years, the research will be extended to incorporate objective data regarding the consolidated FR.

Mustapha, Ismail, and Ahmad (2019)	This study investigated the views of finance executives on how professionalism influences the connection between staff competency and FRQ under a new accountancy standard.	**This study employed contingency and institutional theories and used** a survey-based approach and a questionnaire to collect data from those who represent LG bodies in four Nigerian states. One hundred eighteen finance directors of various LG were surveyed to obtain data. The primary utilization of PLS-SEM 3.0. Check Common Method Variance (CMV) and assess the effectiveness of the questionnaire instrument.	The study showed that **the competence of accounting personnel has a considerable and positive influence** on perceived financial reporting quality (FRQ). But the moderating effect of professionalism on this connection was found to be negligible. These results emphasize the significance of staff competency as a crucial organizational aspect in providing high-quality FR while adhering to international accounting standards. The results also highlight the necessity for more esteem for professionalism within the study's context.	The study offers some helpful insights into the preparers of FR among LGs in Nigeria, mostly during the ongoing embracing of the cash-basis IPSAS.
Boolaky, Mirosea, and Omoteso (2019)	This research studied the pace and factors influencing the adoption of IPSAS in Indonesia.	A preliminary documentary analysis was performed. A sample of 205 local government entities, consisting of 171 municipalities and 34 cities, was randomly selected from a population of 515. The population includes 417 municipalities and 98 cities,	The findings revealed that interactions between auditors and opponents on the council had a greater impact on the rate of adoption than those councilors affiliated with the government. However, the schedule of the council meeting has caused a delay in the implementation of IPSAS accruals. Implementing IPSAS was driven by isomorphic factors such as government grants, the Supreme	**Their outcomes back the hypotheses that the coercive, mimetic, and normative pressures affect the swiftness of IPSAS adoption.**

		located in 34 provinces. Descriptive statistics and multiple regression analysis were carried out.	Audit Office, councilors, and religious views. **The findings confirm that the pace of IPSAS implementation is impacted by three organizational forces: coercive, mimetic, and normative.**	
Aversano, Christiaens, and Van Thielen (2019)	This article critically examined the suitability and effectiveness of the distinctive IPSAS in producing financial reports that adequately fulfill users' requirements regarding heritage assets.	A survey was conducted among 308 Flemish LGs by dispensing a questionnaire to the elected mayors and relevant respondents, specifically those responsible for culture and heritage, who were selected by the general council.	**IPSAS fails to meet the expectations of a significant category of users**: local ruling politicians. The poll's empirical findings revealed that IPSAS 17 inadequately aligns with legislators' requirements. In addition, IPSAS 17 addresses the user requirements of Historical Accounting Standards (HAs) for a somewhat less significant portion of local governments in Italy and Flanders.	Point out that implementing IPSAS 17 in the Italian and Flemish governments should study the broader issue of IPSAS.
Abimbola et al. (2017)	Assessed the influence of IPSAS on the financial accountability of several LGs in Oyo State, Nigeria.	The survey design used in this study involved questionnaires. These questions were delivered to accountants and internal auditors at the selected LG of Oyo State, Nigeria.	The research indicated that the adoption of IPSAS boosts accountability and transparency while reducing corruption in the selected LG. The acceptance and implementation of IPSAS would enhance Nigeria's economy. Furthermore, suitable sanctions must be instituted to guarantee full compliance. All levels of government must partake in continuous training	The Nigerian government should pass a law supporting the acceptance and implementation of IPSAS. Additionally, suitable penalties should be established to ensure complete adherence. The federal government should support the adoption and implementation of IPSAS through the enactment of an enabling statute.

			and retraining of accounting personnel.	
Harun, Peursem, Eggleton, and Locke (2016)	This study aimed to understand the process and outcomes of implementing an IPSAS-based accounting system in the PS of Indonesia. It seeks to explain how a commercial model accounting system is implemented and utilized in the PS and to understand the various institutional, social, economic, and political factors that influence accounting practices in this context.	The study resulted from the investigation's inherent characteristics and circumstances. The data were mainly obtained from two sources: interviews conducted with 56 individuals and documents relating to the Indonesian government's policies, frameworks, and progress.	The model indicates that the implementation of IPSAS in the Indonesian PS was driven by economic considerations due to a fiscal imbalance in the early 1980s. **The decision to introduce the accounting system was driven by the intention to duplicate a similar practice in other developed countries.** The organizational implementation of IPSAS was marked by increased participation from non-governmental enterprises. The results revealed that both OECD member countries and emerging economies have miscalculated the intricacy of implementing business reporting structures, requiring greater investment of time, resources, and effort than initially expected.	They suggested the methodology and the theories employed in their study could be applied to examining similar phenomena in other emerging countries. **A similar study could also be carried out in exploring other types of NPM practice at diverse stages** and diverse levels of institutionalization. They advocated for the employment of the IMI model to shed light on PSA reforms in other emerging nations.
Harun, Judy Brown, Van-Peursem, and Eggleton (2015)	This research aimed to assess the employment of an accrual accounting basis in the PS of Indonesia. It also explored the impact of accounting reform on nurturing a more dialogic style of accounting in a	The authors conducted a case study of a local municipality, applying trends identified in extensive colonial history of Indonesia. The data were acquired from official public records. Interviews with 29 prominent	As part of the changes, accrual accounting has become obligatory, independent audits are conducted. Thus, federal and LG offices are required to provide information. This study demonstrates the limitations of legislation and regulation in confronting deeply rooted historical	In developing economies, where political, economic, social, and cultural contexts shape diverse historical forms and consequences in inimitable conditions that may **try to retain conventions of the past even under the regulations of the present. Additionally, the**

	specific Indonesian municipality by examining the political and legislative history of the country.	persons were administered. Data collection and interviews were led at both national and local levels. **The research covered Narrative and Thematic analysis, together with Documentary and Literature review.**	patterns. Furthermore, the investigation has revealed that centralizing pressures continue to advantage particular groups with entrenched interests.	**study recognizes that the selection of the interviewees does not fully represent the diversity of the Indonesian public.**
Mbelwa (2015)	This article aimed to determine the impact of several factors on utilizing accounting information in the LG within a developing country.	**The statistics were gathered by distributing 208 questionnaires. This study surveyed 18 of the 134 Tanzanian LGAs at the organizational level. Employed the cluster sampling method to pick Local Government Authorities (LGAs) for the survey. Tanzania was divided into five zones, and one region was selected from each zone utilizing judgmental sampling methods. The study was conducted in 18 out of 134 LG areas. Of these, 10 LGs were rural, while the remaining eight were urban.**	The findings of this study incorporate the influence of recognized social and legal regulations, together with professionalism, in shaping individuals to tactically and symbolically utilize accounting information throughout budget decision-making processes. Moreover, the results demonstrate the significance of education and experiences in accounting and financial matters for those involved in the decision-making process of public sector budgeting. Additionally, it uncovers the impact of applying institutional theory in conjunction with SEM in the setting of a developing country. **This work contributes to the NIS (New Institutional**	Subsequent studies **should examine the hypotheses with additional major stakeholders, such as people and the Central Government**, who have an indirect role in the budget decision-making processes.

		The investigation utilized structural equation modeling to evaluate nine hypotheses. The moderating effects were also evaluated.	**Sociology) field by adopting a perspective that incorporates coercive and normative mechanisms, OIE (Organizational Institutionalism Economics), contingency theory, as well as the decision usefulness concept.**	
Goddard and Issa Mzenzi (2015)	This study investigated the accounting techniques and legitimacy of Local Government Authorities (LGAs) in Tanzania.	Case Study It combined data from numerous sources: interviews, observations, and documents. Applied Grounded Theory.	The research disclosed that their surrounding circumstances greatly limited the operational efficiency of the Tanzanian LG. It has forced the officials of the LGs to deploy crucial accounting techniques. The techniques included budgeting, financial reporting, auditing, and performance assessment in order to maintain organizational legitimacy. **The study found that importing Western-style reforms into emerging countries leads to increased fraudulent practices.**	Contrast research with other countries would increase the practical and theoretical understanding of their accounting systems. They advocated that future research on developing economies could quantitatively discover whether the traits of Tanzanian LGAs are unique or if any analogous patterns are present in other countries.
McLeod and Harun (2014)	This article discussed and examined the difficulties faced in reforming LG accounting in Indonesia.	Analyzed governmental rules and other relevant sources that specifically address PSA in Indonesia. Additionally, the analysis used information from media publications,	Observations indicate that the progress of this reform has been significantly impeded by the need for more personnel possessing sufficient accounting expertise.	While PSA reform is undoubtedly necessary in Indonesia, it is unrealistic to expect significant progress without also implementing complementary reforms in the present human resource management system.

		BPK audit reports, and other publicly accessible sources. Furthermore, researchers interviewed key decision-makers in the central government responsible for creating legislation regarding accounting in the PS.		
Christiaens, Vanhee, Manes-Rossi, Aversano, and van Cauwenberge (2014)	The objective of this study was to measure the global acceptance of IPSAS-based accrual accounting in central and local governments and to analyze the factors that affect the varying levels of adoption.	A comprehensive survey was conducted across 81 countries to gather data on local governments and their respective central governments. The questionnaire replies were not the exclusive data source. Supplementary data on the ongoing accounting reforms was collected and obtained from social media platforms such as LinkedIn and IPSAS groups. Comparative Study.	The study highlighted a significant shift towards adopting accrual accounting, namely IPSAS accrual accounting. However, some resistance exists, notably among central governments, especially in nations where accrual accounting practices similar to those used in businesses have been established. Furthermore, there is a notable variation in the timeframe of the adoption process. Firstly, significant vulnerabilities include the apprehension of relinquishing their jurisdiction over establishing standards and the fact that the IPSAS are still relatively unfamiliar. Some governments opt not to adopt the IPSAS because they decide to enforce their individual accrual accounting laws.	**The success of the IPSAS application is contingent mainly upon highlighting its strong points and emphasizing the essential conditions to be addressed.** A crucial condition is that practitioners retain in mind that in government entities**, accrual accounting norms and IPSAS are not the same.**

Lombrano and Zanin (2013)	This study introduced a novel consolidation approach to enhance LG accountability. The IPSAS approach to consolidation is explained after a short examination of consolidated FS in the PS. **The authors explain why this approach fully fails to take into account the unique characteristics of local administrations.**	Case Study, IPSAS 6 and Documentary Analysis.	The consolidation process employed by IPSASB, which is mainly derived from IAS/IFRS**, is not suitable for LG entities.** This paper proposes a novel way to enhance accountability in LG.	It suggests combining a comprehensive analysis of the benefit and control factors with a regional consolidation approach. The search for creative methods instead of merely copying private accounting procedures should be given importance in PSA. This consolidation method can be expanded to encompass connected companies. It would offer a more comprehensive perspective on public group income and costs.
Harun, Bell, et al. (2012)	The objective of this research was to evaluate the procedure of applying an accrual accounting system in the Indonesian Municipality.	The data were sourced from official records of the Indonesian Government and freely accessible data regarding the accrual adoption procedures. The authors also conducted interviews with key stakeholders involved in the conception, development, and implementation of the accrual accounting policy and standards. Thematic analysis and	This analysis uncovered the correlation between the Indonesian Government's decision to implement accrual accounting in 2003 and the broader political and economic reforms initiated in response to the financial and political crisis of 1998. Their incorporation into the municipality was mainly influenced by new legislation, but was also impacted by the customs and historical context of the Indonesian locale. The absence of accountability and openness was recognized as the principal concern.	**A prospective investigation could replicate the methodology** to conduct a comparative analysis of LG in Indonesia or to contrast it with circumstances in different contexts and political landscapes. Furthermore, future studies need to examine the inherent characteristics, as well as the societal and institutional aspects, of accounting. The monetary, social, political, and institutional extents of accounting present intriguing

		Literature review were performed.		avenues for future research.
Oliorilanto (2008)	This article investigated the factors that have prevented Malagasy towns from implementing accrual accounting despite the enactment of formal legislation in 2005. The study aimed to establish a connection between the disappointment in implementing the accrual model and the connections among the central government, the municipalities, and the national accounting organizations.	Utilized a qualitative methodology. From 2004 to 2006, a series of semi-structured interviews was conducted with politicians, civil servants working in central government ministries, professional accountants, and various municipal officials. This was corroborated by an examination of official documentation pertaining to PSA, followed by a theoretical analysis.	LUDER's contingency model asserted that implementing accounting reform is a prolonged and intricate process that begins with an initial impetus and culminates in either the success or failure of the changes. The interactions among promoters were ineffective due to insufficient synergy between civil servants and accountants on the Higher Accounting Council, as well as a deficiency in political commitment within the government.	There needs to be more alliance between accountants and civil officers, and political backing from the central government.
da Costa Carvalho, Camões, Jorge, and Fernandes (2007)	The study quantified and examined the degree of conformity to the procedures mandated by legislation and documented the variation in adherence among different municipalities.	Documentary Analysis Compliance Index	Major cities exhibited lower levels of compliance with accounting rules. **The range of practices and information related to budgetary accounting was limited, regardless of the municipality's size.** People and other users need to have access to high-quality accounting information from the LG. **Municipal governments must prioritize the complete**	The article examines 26 weights. In future work, it is important to thoroughly consider various weights.

			implementation of the new accounting system.	
Haldma and Jõgi (2006)	It discussed the progress of accounting procedures in Estonian LGs over the past ten years. It examined the factors influencing LG accounting reform in Estonia across three stages: the initial stage, the system establishment stage, and the system enhancement stage.	The Lueder FMR model was utilized to carry out the theoretical analysis.	The Estonian LG accounting regulation, encompassing many regulatory acts, has undergone a significant transformation, transitioning from cash-basis accounting to accrual-basis procedures. Analyses have revealed that the general climate in Estonia has been highly conducive to LG's implementation of innovative accounting practices.	Offers motivation for future advancements and more profound implementations of the FMR Model and similar concepts.
Benito and Brusca (2004)	The study's purpose was to demonstrate the actual degree of homogeneity/uniformity among the selected sample countries and explain why variations endure. It aimed to draw attention to the variations and parallels among accounting methods used in many nations.	Open-ended questions Survey. Frequency Tables and Contingency Tables. Cluster Analysis Techniques.	**Local entities have different accounting systems,** which become evident when we classify them according to more specific criteria. Nations are moving toward a model including accrual-basis accounting. Accounting variation exists on regional and worldwide levels. Thus, there is a need to reduce the variations between accounting systems and raise the comparability of PSA data worldwide.	**Anticipate the merging of GA systems and the integration of GA with national accounting.**

3.5.1 Summary of the Table

Twenty years ago, Benito and Brusca (2004) noted that countries were increasingly adopting a methodology that incorporates accrual-basis accounting. Accounting discrepancies occur both at the regional and global scales. Hence, minimizing the differences among accounting systems and enhancing the international comparability of PSA data is imperative (Benito & Brusca, 2004). However, many factors influence the LG's accounting reform. Harun et al. (2021) claimed that external entities, rather than local governments, mostly drive the adoption of IPSAS in Indonesia. The extent to which local governments comply with new reforms depends on whether accountants have used commercial software to implement a particular accounting procedure (de Azevedo et al., 2020). Carini et al. (2019) specified that the acceptance process appears primarily influenced by social legitimization pressure rather than accountability guidelines or performance ratings. The findings indicated that the consolidated report is considered a potential tool for establishing performance evaluation measures in a group context. However, the utilization of this potential depends upon the degree of collaboration demonstrated by the LGs (Carini et al., 2019).

The model of Harun et al. (2016) showed that economic considerations accelerate the employment of IPSAS in the Indonesian PS. The findings suggested that both OECD member states and emerging economies still need to fully grasp the complexity involved in implementing the private reporting systems. This demands a greater allocation of time, resources, and effort than was primarily expected. Again, Harun, Bell, et al. (2012) claimed that implementing accrual accounting in the municipality was influenced mainly by the new law, but also by the conventions. Furthermore, the historical background of the Indonesian local setting also influenced it. The absence of transparency and accountability has been highlighted as the leading reason. Besides, Harun et al. (2015) carried out a case study on municipalities and utilized trends observed in the widespread colonial history of Indonesia. Observed, the implementation of accrual accounting has become compulsory, independent audits are conducted, and both federal and local government departments are required to furnish information, as part of the modifications. The study discloses the limitations of law and rule in effectively resolving long-standing historical trends.

Researchers suggested that the advancement of this reform has been somewhat hindered due to a lack of staff with adequate accounting proficiency (McLeod & Harun, 2014). McLeod and Harun (2014) found that although it is indisputable that PSA reform is necessary in Indonesia, it is impractical to anticipate considerable advancements without simultaneously introducing complementary reforms in the current human resource management system. Dianto and Aswar (2020) identified a significant association between senior management support for training and the successful implementation of accrual accounting. They found a significant association between communication and the implementation of accrual accounting. Employing contingency and institutional theories, Mustapha et al. (2019) suggested that the proficiency of accounting staff has a significant and positive impact on the perceived quality of financial reporting (FRQ). Yet, the effect of professionalism on this relationship was determined to be insignificant. These findings emphasize the significance of staff competence as a crucial organizational factor in producing high-quality FR that follows international accounting standards. The findings also emphasized the necessity for greater consideration of professionalism within the framework of the study.

A comprehensive survey was conducted by Christiaens et al. (2014) across 81 countries to gather data on LGs as well as their respective central governments. The study emphasized a notable transition towards the adoption of IPSAS. But there is disagreement, particularly in countries where accrual accounting procedures equivalent to those employed in enterprises have been implemented. Moreover, there is a significant disparity in the duration of the adoption process. Firstly, notable weaknesses include concerns about relinquishing authority in setting standards and the fact that the IPSAS are still very unfamiliar. Certain governments choose not to implement the IPSAS because they prefer to apply their own specific rules regarding accrual accounting (Christiaens et al., 2014).
Mbelwa (2015) distributed 208 questionnaires to Tanzanian Local Government Authority political and administrative actors and yielded the statistics. This study surveyed 18 of 134 Tanzanian LGAs organizationally. The study deployed NIS (New Institutional Sociology), which is Coercive and normative pressures, OIE (Organizational Institutionalism Economics), contingency theory, and decision usefulness in conjunction with SEM. The research found that social and legal regulations, along with professionalism, influence people to strategically and symbolically use accounting information in budget decision-making. The results also show the importance of accounting and financial education and experience for public sector budget decision-makers (Mbelwa, 2015). Abimbola et al. (2017) showed that the implementation of IPSAS improves accountability and transparency and reduces corruption in the selected LGs in Nigeria.

On the other hand, A survey conducted on 308 Flemish local governments by Aversano et al. (2019) claimed that IPSAS does not match the expectations of a substantial group of users, specifically local governing politicians. When implementing IPSAS 17 in the Italian and Flemish governments, it is important to consider that IPSAS is based on accrual accounting. In contrast, the cash-based budgetary accounting system has significantly impacted these two nations until now. Goddard and Issa Mzenzi (2015) conducted a case study. The investigation found that Tanzanian LG Authorities were substantially influenced by their environment. This has forced LGA officials to influence organizational legitimacy using budgeting, financial reporting, auditing, and performance assessment. This study discovered that Western-style reforms in emerging countries boost fraud. They added that future research on emerging economies might statistically assess if the attributes of Tanzanian Local Government Authorities (LGAs) were unique or if similar patterns can be found in other countries. Lombrano and Zanin (2013) claimed that the consolidation process utilized by IPSASB, which primarily came from IAS/IFRS, is inappropriate for LG institutions.

Dianto and Aswar (2020) claimed that interview methods are essential for conducting in-depth inquiries on accrual accounting to gain a more thoughtful understanding. The de Azevedo et al. (2020) utilized a sequential mixed-method strategy. The process involved integrating qualitative and quantitative components. Their employed mixed-method design began with an initial qualitative phase, using an inductive technique (interviews).

In summary, central and local governments share numerous similarities regarding functions, operational styles, and funding sources. So, previous literature findings on the federal government are mostly applicable to local government units. However, it can be claimed without hesitation that the research on accounting reform in LG is less extensive than that conducted on the central government, particularly in studies of emerging nations.

3.6 Previous Literature Review Studies

Several scholars have conducted comprehensive and systematic literature reviews on PSA and IPSAS, focusing on both local and central governments. They also suggested potential areas for future research in PSA reform. Hence, it is important to highlight their discoveries and future research avenues, as this will aid in identifying the research gap and provide the rationale for the current research undertaking. The following table summarizes the earlier review studies.

Table 14: Review Studies on PSA and IPSAS

Author(s) and year of publication	Research Methods	Review Focus	Key Findings	Future Study Proposal
Saleh, Isa, and Hasan (2023)	Archival approach	The issues and challenges in adopting IPSAS.	The obstacles encountered by countries in implementing IPSAS can be: (1) The resources are insufficient in terms of skilled accounting and financial people, technological infrastructure, and IT; (2) Tackling accounting and reporting challenges associated with the recognition and measurement; (3) Strong commitment from top management.	The latter step of the research is to ascertain the level of implementation, employees' understanding and dedication, and the problems and obstacles encountered by the Malaysian state governments in adopting accrual accounting.
Liberato, Choban de Sousa Paiva, and Serrasqueiro (2023)	A systematic Literature Review.	Examined relevant literature on IPSAS adoption in public sectors in developed and developing nations, identifying limitations and benefits for public accounting reform. Future study proposals are also included.	The primary results suggest that there are differences in the application of accounting standards between advanced and emerging countries regarding constraints and stimuli. When considering limitations, the primary factor in rich countries is the absence of training, whereas in underdeveloped countries, it is the restriction on financial resources. Furthermore, the findings indicated that the primary drivers for implementing accounting standards in advanced nations are to improve accounting practices. Contrariwise, in developing nations, the motivation for	The research work aids countries and institutions to study from the experience of others, better prepare for the PSA reforms, and add better transparency in the PS. The study reported a number of factors and offers a robust research agenda to pursue in the future. **They said that there are still numerous significant unexplored questions that demand further research.**

			adoption is primarily driven by external and internal pressures.	
Boolaky Doorgakunt, Omoteso, Mirosea, and Boolaky (2022)	A comprehensive review of recent studies.	A thorough analysis examined how legal, political, and accounting settings affect the adoption of IPSAS in emerging nations.	A country's experience with IFRS and International Standards on Auditing (ISA) is more influential and crucial in driving the adoption of IPSAS than the adoption of IFRS. The factors that influenced the adoption of IPSAS are the political structure, enforcement of regulations, the rights of borrowers and lenders, and the extent of corruption in a state.	A country-specific study may yield divergent outcomes due to variations in research design, methodologies, and other factors.
Schmidthuber et al. (2022)	A systematic review resulted in a sample of 80 journal articles.	The study found existing research on IPSASs and structured it with a practical focus on three primary areas: (a) Factors of adoption, (b) implementation of accruals on IPSAS, and (c) results of adoption. It also talks about research gaps and offers a suggestion for future study.	The majority of the papers in IPSAS consist of empirical research carried out within a single nation or across multiple countries. The key factors often discussed about reform are political will, the necessity to align PSA, and the globalization and modernization of accounting procedures. Obstacles to reform include the tendency for accounting processes to remain unchanged due to historical patterns, anxiety about losing control over standard creation, and the costs associated with implementing changes. The degree of the implementation of IPSAS differs significantly. IPSAS are associated with enhanced informational	Future research could explore the application of more sophisticated statistical methods to establish causal relationships and investigate the adoption of IPSAS across different countries.

			quality and improved internal decision-making. However, some articles have also addressed the limitations of IPSAS.	
Polzer et al. (2021)	The authors follow the “PRISMA Flow Diagram.” The authors analyze these results employing diffusion theory.	The adoption of IPSAS in emerging economies and low-income countries.	The authors conclude that IPSASs are pertinent to emerging economies (EEs) and low-income nations (LIEs). In general, current research tends to be exploratory. The authors ascertain that a significant proportion of publications depend on the collection of secondary data. **Approximately 66% of the studies conduct a content analysis of existing information, while around 20% of the papers gather primary data using interviews and surveys.** The findings provide a comprehensive comprehension of the current status and advancement of IPSAS reforms in EEs/LICs, including the elements that influence the transition to the next dissemination stage.	Further studies might investigate the correlation between IPSASs and wider managerial reforms in such nations and their connection to ideals of "good governance", such as openness and accountability.
Mijbil and Jabal (2021)	Relevant literature was evaluated in light of the research goal.	The study showed how the shift to IPSAS in PS affects financial reporting quality, transparency, accountability, and	Implementing international accounting standards in the PS results in time and effort savings, facilitating the comparison of financial statements across various government entities. Moreover, specific Iraqi government institutions	Indicated an increasing trend in the way of implementing international standards by some Iraqi public organizations.

		international integration.	are increasingly motivated to follow the international standards.	
van Helden, Adhikari, and Kuruppu (2021)	This study examines papers on PSA in emerging economies (EE).	Evaluated research on countries, accounting sub-disciplines, paradigms, theories, and methodologies. Analyze PSA publications.	Examining PSA in EE papers in JAEE's first decade discloses a diverse range of studies that align with research published in prominent accounting journals.	PS practitioners and investigators need to move away from a concentration on PS reforms due to contextual conditions leading to in-built failures. They advocated for a thoughtful approach to how the accounting system works in practice, including ways for development therein.
Bruns, Christensen, and Pilkington (2020)	The study focuses on the bibliometric examination of research outputs, referencing New Public Management (NPM). A content study of Hood (1991), a highly cited NPM source, was conducted using bibliographic methodologies and citation/co-citation analysis from 1991 to 2018.	The paper aimed to improve PSA research conceptualization to reap the methodological benefits of a multidisciplinary approach.	The uniqueness of PSA research lies in its application to public value accounting. The continuity is demonstrated by its ability to beat contextual factors. Examined the influence of disciplinary influences, identifies opportunities for post-New Public Management (NPM) Public Sector Administration (PSA) research that recognizes the use of several disciplines and specialization as a foundation.	The PSA will be recognized as an effective tool for facilitating past and ongoing initiatives to reform the public sector in the post-NPM era. Commented, similar to other social sciences, the influence of NPM research on PSA is likely to be varied. Therefore, academics interested in this area should carefully monitor developments.
A. Bergmann, S. Fuchs, and C. J. P. M.	Review	This study proposed using the IPSASB Conceptual	**The complicated and multi-layered nature of the PS hampers the use of single methodologies and**	Urge the scientific community to adopt the IPSASB conceptual framework and

Schuler (2019b)		Framework to improve PSAR theory.	**paradigms.** They advocated that the IPSASB Conceptual Framework offers a more capable approach to provide a theoretical foundation.	critically examine PS accrual accounting.
Bracci, Papi, Bigoni, Deidda Gagliardo, and Bruns (2019)	A structured literature review	Examined accounting's influence on public value theory's fragmented literature.	The absence of empirical research and the limited number of accounting papers indicated the need for accounting researchers. It would aid in gaining a deeper understanding of the process of conceptualizing, creating, and measuring public value.	Further study should be taken into the theoretical and experimental implications of public value accounting, perhaps towards a combined public value framework.
Fahmid et al. (2019)	This article examined the recent progress made by G20 countries and others in implementing IPSAS. It also explores the anticipated benefits of adopting IPSAS in the PS, as well as the specific experiences of Indonesia, a Southeast Asian country, in applying an IPSAS-based system of reporting at	After eliminating developed nations and nations with incomplete data, they are left with a total of 77 developing countries. Utilize a comprehensive sample spanning a duration of 13 years, specifically from 2005 to 2017. Conduct several pre-regression analyses to choose the suitable model for hypothesis testing. Utilize the System-	The successful execution of accrual accounting or IPSAS in certain European countries requires considering the political, economic, and social circumstances. That includes factors such as the level of economic development and the roles of law enforcement agencies and other institutions related to NPM practices.	Future research can investigate the incorporation of the IPSAS framework into government anti-corruption measures. Additional research can explore the extent to which IPSAS enhances the effectiveness of audits for quality and the prompt discovery of corrupt activities.

	the village level.	Generalized Method of Moments (S-GMM)		
Rajib and Hoque (2016)	Read 356 articles from 10 journals and others. Broadbent and Guthrie (2008), ABACUS, and RGNPA utilized all journals.	For this investigation, researchers examined ten journals. Three justified PSA research areas—theory initiation, practice, and standards development—were used to perform the review.	The trends of PSA research have evolved and been enhanced across several domains. Several recent studies focus on comparative adoption, innovative practices, and potential integration with emerging sectors.	The diverse contributions from different fields and their use in various environments create research opportunities.
Jacobs (2012)	Critical Review	This article examines the theory of PSAR. It critically reviews the methodologies and suggests a path forward for researchers. The study also debates theories of purity and pluralism.	**About one-third of the publications did not utilize a clearly defined theoretical framework, whereas nearly half of the studies did. The two dominant theories were neo-institutional theory and economic theory.**	This review reveals that investigators do not have to be theoretically loyal or theoretically pure. The study supported the theoretical promiscuity. Advocating that future researchers make a better effort to advance and extend these concepts (such as NPM) into more advanced theoretical bases, which update our understanding.

3.6.1 Summary of the Review Studies

In the post-NPM era, the PSA will be acknowledged as a valuable instrument for promoting previous and current efforts to improve the PS. The influence of New Public Management (NPM) research on PSA is expected to be varied, much like in other social sciences. Hence, scholars with an interest in this subject should diligently observe advancements (Bruns et al., 2020). However, the complex and diverse characteristics of the PS make it challenging to use single approaches and paradigms (A. Bergmann, S. Fuchs, & C. Schuler, 2019a). Scholars claimed that the trajectory of PSA research has experienced transformations and has been enhanced through several fields (Rajib & Hoque, 2016).

Mijbil and Jabal (2021) argued that implementing IPSAS leads to efficiency gains and simplifies the comparison of FS among different government bodies. Schmidthuber et al. (2022) stated that IPSAS is linked to improved information quality and enhanced internal decision-making. However, specific articles have also deliberated on its unintended consequences. Polzer et al. (2021) asserted that IPSAS are related to emerging economies and low-income nations. When analyzing the genuine adoption of accrual accounting or IPSAS in specific European nations, it is crucial to take into account the political, economic, and social circumstances (Fahmid et al., 2019).

The review findings of Schmidthuber et al. (2022) and Liberato et al. (2023) claimed that there are differences in the implementation of accounting standards across developed and developing nations regarding limitations and motivations. They identified the constraints, or the primary factor in emerging nations, as the lack of education. On the other hand, in less developed countries, it is the constraint on financial resources. Moreover, the results suggest that the main factors motivating the adoption of accounting standards in developed countries are the elevation and improvement of accounting practices. In contrast, in emerging nations, the primary drive for adoption arises from both external and internal pressures. Schmidthuber et al. (2022) also found that the key reasons frequently debated regarding reform are the presence of political commitment, the need to synchronize PSA, and the process of globalization and modernization of accounting practices. The difficulties to reform include the inactivity of accounting systems due to previous forms, worries about losing control over typical foundations, and the costs associated with implementing the reform. (Schmidthuber et al., 2022). In contrast, Boolaky Doorgakunt et al. (2022) stated that the level of understanding and expertise that a country has regarding the IFRS and International Standards on Auditing (ISA) plays a more significant role in motivating the adoption of IPSAS related to the adoption of IFRS.

3.7 Research Gap

Upon evaluating and assessing the previous studies conducted by numerous researchers, it is observed that there is a significant opportunity for further research about the reform of the PSA. The researchers consistently hold the view that governments using the cash basis of accounting have failed to guarantee accountability and meet users' requirements. Researchers suggested implementing accrual-based accounting or, at the very least, following a minimum cash basis that aligns with international standards. They further stressed the need to adopt the accrual basis, stating that it will improve the conditions. Therefore, implementing IPSAS would offer greater opportunities, as it serves as a global standard for PSA systems. Additionally, it was claimed that adopting IPSAS is a complex task influenced by numerous factors. There is a substantial variation in the extent to which IPSAS is implemented (Christiaens et al., 2014; Schmidthuber et al., 2022). Therefore, it is strongly advocated that the individual factors of each country be thoroughly examined. Country-specific circumstances greatly influence the perceived advantages of IPSAS and the ease of adaptation. Additionally, scholars asserted that the application of IPSAS mainly helps developing countries (Polzer et al., 2021). Indonesia, Sri Lanka, Vietnam, Nepal, Jordan, Nigeria, and Malaysia have conducted thorough research on PSA reform or IPSAS at the central and local government levels. However, many nations, such as Bangladesh and India, have significantly lagged behind the worldwide research trend. There have been very limited attempts to address the issue in Bangladesh.

Substantial research has been conducted internationally on PSA reform at the central government level. However, in developing nations, more studies are needed on PSA reform based on IPSAS at the organizational level, specifically at local government levels. Yet, to the best of the researcher's knowledge, no comprehensive research has been conducted regarding the LG accounting reform based on IPSAS. ***Therefore, a noticeable population gap exists.***

Most of the papers in IPSAS include empirical research carried out either inside a single nation or across numerous countries (Schmidthuber et al., 2022). The majority of researchers typically employ either content analysis-based or qualitative interview-based approaches. According to a review study, approximately 66% of the studies conduct a content analysis of existing information, while around 20% of the papers gather primary data using interviews and surveys (Polzer et al., 2021). However, each research approach has its inherent limitations. The complex and diverse characteristics of the PS make it challenging to rely on single methods and paradigms (Bergmann et al., 2019a). Thus, PSA researchers have recommended adopting mixed tactics to gain a more complete understanding of the situation, as the mixed methods research nature is complementary. However, only a very few researchers have tried to utilize the mixed approach in this particular research topic. Moreover, researchers who deploy the survey techniques analyzed the hypothesis using simple regression analysis. However, in the era of state-of-the-art methods like SEM, basic regression will not yield inclusive results. Subsequent studies could analyze the utilization of advanced statistical techniques to establish cause-and-effect connections and examine the implementation of IPSAS in various nations (Schmidthuber et al., 2022). ***Thus, a notable methodological gap still exists.***

Again, the theories utilized by the researcher primarily originated from different disciplines due to the scarcity of indigenous theories for PSA research. Therefore, the theory was unable to encompass the complicated nature of PS (Bergmann et al., 2019a). Consequently, studies utilized several theories. ***Thus, there was ample opportunity to evaluate further, add to, and criticize the theories employed in the research on PSA reform.***

Moreover, many undiscovered aspects could potentially impact the adoption of accrual-based IPSAS, such as memetic pressure and cultural context, which remain unexplored. Researchers have previously revealed many factors that influence the adaptations, obstacles to implementation, and perceived benefits of accounting reform. Nevertheless, the findings differed across studies, particularly when discussing the advantages of accrual transformation. There were several cases where the reform did not achieve the intended outcomes (Schmidthuber et al., 2022). ***Therefore, the argument is ongoing, and there is plenty of opportunity to make valuable contributions to the existing literature, which will aid in resolving the debate.***

In 2022, the FRC Bangladesh released guidelines concerning financial reporting for the LG of Bangladesh. These guidelines recommend varying levels of accrual based on IPSAS for different types of LG entities. Nevertheless, there has been very little progress. ***Therefore, the study has practical and policy relevance. the current research has the potential to make a significant contribution to the adaptations of FRC guidelines in the LG.***

The present research endeavor mainly focuses on the LG of Bangladesh. The current research explores the existing accounting procedures of the LG of Bangladesh and also compares them with international standards. The study employs an explanatory sequential mixed-method approach to assess the contextual variables that influence compliance with accrual-based IPSAS and the advantages of adopting IPSAS. To achieve this, it utilizes the Neo-institutional Sociology proposed by DiMaggio and Powell (1983), as well as an integrated theoretical framework of contingency theory developed by Lueder (1992) and its subsequent advancement through Lueder's FMR model (2002), in combination with the philosophies of New Public Management (NPM).

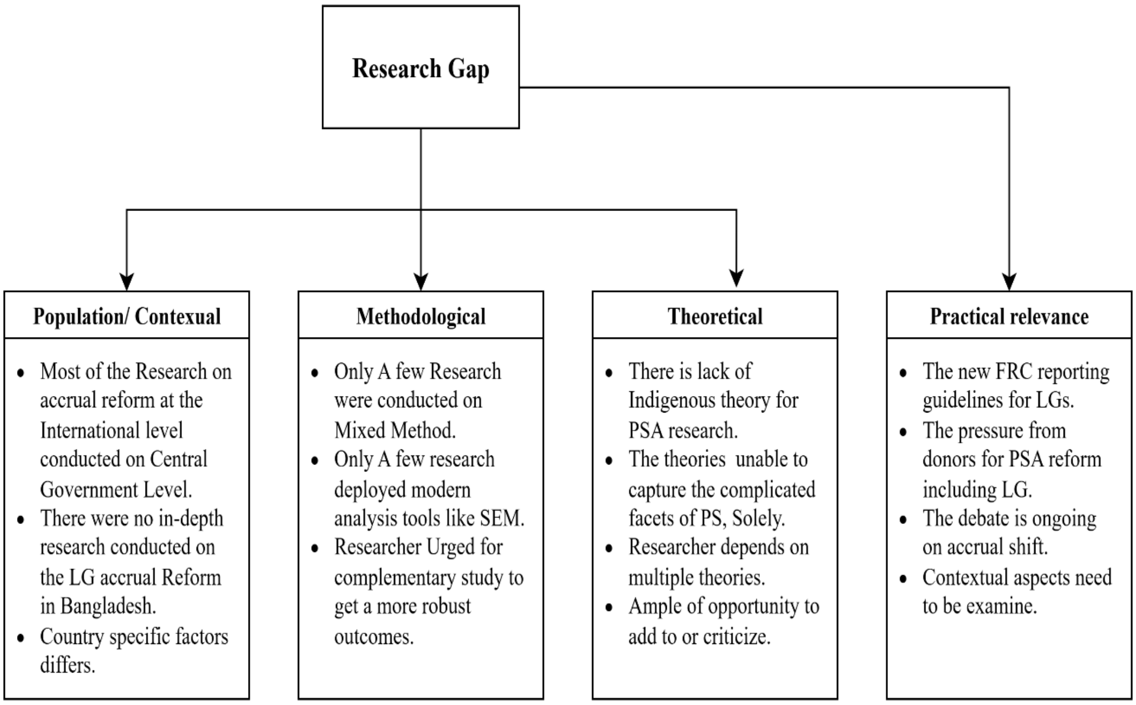


Figure 08: The research Gap

Therefore, the study intends to offer a solution for enhancing the accounting system in the LG of Bangladesh and make valuable contributions to the existing literature in several ways. In addition, the study has significantly addressed the previously mentioned research gaps—population, contextual, empirical, and methodological—by creating a conceptual framework, adapting mixed methods, and developing a novel survey scale to administer questionnaires. It also aims to make valuable contributions to existing literature, resolving global debates regarding the accrual-based IPSAS adaptation in the LG of emerging nations. Moreover, it has significant policy relevance as per FRC, Bangladesh's new directions to SPAs in 2022.

3.8 Chapter Summary

In this chapter, a detailed literature review was carried out to assess the scope of previous research and to identify gaps in the existing literature. The tabular analysis of the previous studies, including review studies, found many significant research gaps that strongly support the present study. The review reveals that in the past, most of the studies were conducted on the accrual reform of the central government. There was very little research in the international arena on the LG accrual reform. Moreover, very few studies have employed state-of-the-art techniques like SEM and deployed mixed methods to get more robust, complementary, and comprehensive findings. The researchers thus call for more rigorous research on the LG accrual reform. Thus, the study has found a significant population Gap, Contextual Gap, and methodological gap. Moreover, the review further reveals that the researcher is also struggling to employ an appropriate theoretical base for PSA reform research due to the complexity and uniqueness of the PS entities. Therefore, there is also an ample opportunity to contribute to the theories and the urge for the need for theoretical pluralism in PSA research. Moreover, the FRC Bangladesh released guidelines concerning financial reporting for the LG of Bangladesh. Thus, the recent move by the FRC makes the present study highly relevant to practice.

All of which together provide strong backing from the literature to conduct and undertake the present research, as there are many crucial research gaps in LG accrual reform research. Therefore, the study has noteworthy potential to contribute to PSA literature in addressing those gaps. Additionally, by creating a conceptual framework grounded on multiple theoretical lenses, adapting mixed-methods, and developing a novel survey scale to administer questionnaires, the study has convincingly addressed those research gaps in a convincing way.

The study identified that LG shares many characteristics similar to the central government. Thus, the study findings may contribute to the adoption of the IPSAS-based accrual accounting in both central and local government levels of other emerging nations.

Chapter 04: Theoretical and Conceptual Framework

4.1 Introduction

The integration of theory in research endeavors is a constant subject of discussion in the generation of knowledge (Collins & Stockton, 2018). The chapter explains the theoretical foundation and conceptual framework of the study. The chapter also provides details of the questionnaire constructs, items, study hypothesis, and the research model.

The level of openness and transparency in a government is closely linked to an effective PSA system. Therefore, the demand for PSA reform research has been increasing in recent years. Yet, the absence of a comprehensive theoretical framework for PSA research has also been a persistent challenge for researchers. This gap has made the understanding of PSA reform a complex and debatable subject in the literature. Scholars often find it challenging to apply theoretical frameworks to explain the basis and context of the PSA reformation. This makes the task of selecting appropriate theoretical frameworks a crucial challenge (Broadbent & Guthrie, 1992; Jacobs, 2016; Schmidthuber et al., 2022). The present chapter first provides a concise summary of the relevant theories employed in previous studies on IPSAS and PSA accrual reform research. Followed by a brief overview of institutional, contingency, and NPM theories pertinent to the current research. Next, it explores the theories applied in the present research and their rationale and connection to the present study. After the theoretical framework, a concise table was provided to enhance our comprehension of the predominant theories in IPSAS and PSA research in section 4.5. Then, in conformity with the theoretical framework, the chapter outlined the conceptual framework of the present research, including the hypothesis, model, and questionnaire details.

4.2. Theories Deployed in Past Studies of IPSAS and PSA Accrual Reform Research

Adhikari and Jayasinghe (2017, June) stated that PSA modifications, mainly adopting accrual accounting in the light of IPSAS in developing nations, have confronted unintended consequences and malfunctions. Numerous instances have highlighted that these modifications are too complicated and have failed in the application phase, leading to their removal or restoration through other development measures. Even though the IPSAS-based cash or accrual PSA system has many positive effects on transparency, PSA research must establish these prospects with evidence.

There has been substantial progress in the number of academic studies on the adoption of IPSAS and the importance of PS accrual accounting information over the past decades to understand and evaluate the complex PSA context (Abdulkarim et al., 2020; Adhikari et al., 2015; Alghizzawi & Masruki, 2019; Bergmann et al., 2019b; Boolaky et al., 2019; De Silva Lokuwaduge & De Silva, 2020; Harun, Van Peursem, & Eggleton, 2012; Schmidthuber et al., 2022; Soguel & Luta, 2021; Thi Thanh et al., 2020). In contrast, few papers support their studies on a solid theoretical framework. Numerous studies face difficulties in finding a suitable theoretical foundation (Bergmann et al., 2019b). However, the theoretical foundation has a significant role in analysing, expressing, and evaluating particular phenomena. Theory enables the researcher to elucidate the situation. It represents the researcher's core values and serves as a clear guide or framework for understanding the impact of inquiries on generating new knowledge (Collins & Stockton, 2018).

Schmidthuber et al. (2022) stated that the Institutional theory and the contingency theory have mostly been employed to explain the factors impacting the execution of IPSAS. In addition, the NPM paradigm has been frequently employed to examine apparent advantages of IPSAS. Upon examining various works of literature, the present study has identified Institutional Theory, Contingency Theory, New Public Management, Stakeholder Theory, Diffusion of Innovation Theory, and Agency Theory as the dominant theoretical frameworks in the research on PSA reform (both at the central and regional levels). However, it is worth noting that many research studies in this field lack solid theoretical foundations. In the present chapter, after reviewing 58 research initiatives on IPSAS or accrual reform in PSA, the study has developed a table given in section 4.5. The summary of the table indicates that approximately 24.14 % of the publications in IPSAS-based reformation research did not incorporate any theoretical framework. The majority of the studies (24.13%) have applied institutional theory. The study also exposes that in the majority of situations, NPM has been employed in combination with other theories.

Table 15: Theory deployed in the IPSAS and Accrual Reform Research

Theory	Number of Research	Percentage
Single Theory		
Institutional Theory	14	24.13%
Contingency Theory	5	8.62%
New Public Management	0	0.00%
Stakeholder Theory	1	1.72%
Diffusion of Innovation Theory	4	6.89%

Agency Theory	2	3.44%
Other	4	6.90%
Total Single Theory	**30**	**51.72%**
Multiple Theory	**14**	**24.14%**
No Theory	**14**	**24.14%**
Total Paper	**58**	**100.00%**

Source: Authors' own assessments

In addition, Scholars depend upon multiple theories rather than a single theory to explain the complicated nature of PSA in different instances. It is observed that there is very limited indigenous PSA theory in the literature. The table showed that approximately 24% of studies employed multiple theories rather than relying on a single theory.

4.3. Relevant Theories of Present Research

4.3.1 Institutional Theory Framework

Institutional Theory originated from Meyer and Rowan (1977) and DiMaggio and Powell (1983), known as (NIS) Neo-institutional Sociology, or sometimes known as institutional isomorphism, has been employed as a theoretical foundation in many previous public and private sector accounting research. Neo-institutional theorists claim that organizational behavior is influenced by both intra-institutional and outward environmental pressures. The "new institutional theory" or "new institutionalism" helps to explain better how and why businesses interact with their operating surroundings and how this interaction will affect their accounting decisions and practices (Adhikari & Mellemvik, 2010). Ashworth, Boyne, and Delbridge (2009) argue that institutional theory is widely used to analyze and comprehend the processes of organizational continuity and change. Institutional isomorphism primarily examines the organizational structures that encompass cognitive, normative, and regulatory features. It also investigates the values, rules, and practices that act as authoritative standards for social behavior and practice (Aribaba, Yakibi, Abdul-Lateef, & Ahmodu, 2020). Meyer and Rowan (1977) and DiMaggio and Powell (1983) precisely pointed out that Organizational behavior is influenced by inner institutional forces and outside environmental pressure. DiMaggio and Powell (1983) focused on three mechanisms in their institutional approach: coercive isomorphism, normative isomorphism, and mimetic isomorphism (Jorge et al., 2021). Coercive pressure consists of two distinct types of pressure: formal pressure enforced by legal means, and informal pressure exerted by individuals who supply resources to the organization (Carpenter & Feroz, 2001). Coercive isomorphism arises when there is a demand for resources and concerns about legality. It represents the highest degree of pressure. Normative isomorphism refers to the shared values that align thoughts and actions within institutional organizations. The challenge faced by professional organizations, consultants, and specialists in creating the best circumstances and procedures to maintain their standards is linked to normative pressure (Carpenter & Feroz, 2001; DiMaggio & Powell, 1983). Organizations also feel the necessity to adopt the practices of successful, similar firms due to mimetic pressure. Mimetic isomorphism refers to the phenomenon in which social actors imitate the actions of others in order to enhance their own legitimacy and acceptability (DiMaggio & Powell, 1983). Thus, Institutional isomorphism illustrates how nations and organizations might react to the coercive, normative, and mimetic pressures to adopt a new set of norms or standards.

4.3.1.1 Relevance of Neo-Institutional Sociology in PSA Research

The Neo-Institutional Sociology theorizes that expectations, values, and societal rules influence the decision to implement organizational changes, including accounting reforms. These factors collectively form the context of institutions and shape the interpretation of notions such as individual, social behavior, nation, and society (Carpenter & Feroz, 2001; DiMaggio & Powell, 1983; Jorge et al., 2021). NIS provides a better understanding of public accounting decisions by examining various institutional forces as well as external factors that can trigger organizational changes, as the institutional approach is concerned with the pressures and constraints of the institutional environment. The primary objectives are to establish credibility, obtain support from external sources, and enhance the participation of both external stakeholders and internal members (Gomes et al., 2015).

The manner in which the performers feel the need for and afterward implement change is a significant factor in the influence of accounting shifts. These are not isolated proceedings but are interconnected within global scenarios in specific fields and periods (Hyndman & Liguori, 2016). Many studies employ institutional theory (IT) to examine the relationship between an organization's institutional environment and its choice of accounting practices (Carpenter & Feroz, 2001). Rajib et al. (2019) also argued that NIT has been used as the theoretical basis for a significant research stream in the government sector, due to its ability to illuminate the external factors of an organization that are crucial for accelerating the change process. Thus, PSA research highly recognizes the relevance of NIT/NIS. For instance, the study of Argento et al. (2018) demonstrates how the participation of influential actors (i.e., institutional enterprises) made it possible for the smooth yet gradual adoption of accounting systems that complied with the IPSAS. Organizations are motivated to follow IPSAS due to institutional incentives. This leads to organizations behaving in a similar manner, as they attempt to imitate one another in order to enhance their legitimacy and conform to socially acceptable norms and practices. The societal constraints and influences in the PSA setting are characterized by coercive, mimetic, and normative isomorphic mechanisms, as described by DiMaggio and Powell (1983), all applied to the PSA setting (Argento et al., 2018). The concept of institutional logic, which originated from the NIS, also proves quite relevant in elucidating the reforms in PSA. It particularly sheds light on how certain agents behave and respond during the reform process. Hence, it appears very appropriate to explain the conduct of entities when they respond to the task of being pilots and when they begin to handle a newly imposed accounting system (Jorge et al., 2021).

Countries are under pressure to harmonize their accounting practices with a universal set of rules to maximize well-being. Furthermore, the aspiration to replicate a comparable method used in industrialized nations was another influential element in the decision to implement the accrual basis (Harun et al., 2016). The study conducted by Boolaky et al. (2019) provides evidence that coercive, mimetic, and normative institutional pressures influence the pace at which IPSAS are adopted. Therefore, a large number of studies have employed institutional theory, NIT, or NIS to establish the connection between an institutional setting and its selection of accounting methods. The constructed Table (4.2) shows that the majority (24.13%) of the studies related to PSAR based on IPSAS have utilized institutional theory while taking a single theoretical lens, which is also affirmed by (Schmidthuber et al., 2022). At the same time, institutional isomorphism was also highly favored in the context of research grounded on multiple theories.

4.3.2. Contingency Theory

Lüder (1992) investigated the implementation of contingency theory in formulating a contingency framework for the modernization of government accounting. The objective was to comprehend the impact of the socio-political organizational framework on the PSA system (Mbelwa, 2014). The primary purpose of contingency theory was to deliver a theoretical framework for understanding how an organization's structure is influenced by its specific contextual situation. The theory explains the transition from traditional PSA to a significantly more effective and illuminating approach. The model aims to demonstrate the reasons behind the variations in GA systems, procedures, and practices across different countries, as well as the factors contributing to the differing rates of modernization among nations. The model indicates that three contextual variables - stimuli, sociopolitical factors, as well as organizational elements - are likely to have an impact on two primary dominant variables: riders of PSA information and producers of information. The complicated interplay of situational and mediating factors influences the transformation, either positively or adversely. The ultimate effectiveness of an innovation process is determined by the extent to which implementation challenges are addressed. Thus Lüder (1992) model comprises four components:

> "(1) stimuli (financial condition issues, professional bodies' interest, etc.); (2) government's social environment (socioeconomic status, political culture, stakeholders, etc.); (3) politico-administrative system features (staff training and recruitment, political competition, administrative characteristics, etc.); and (4) implementation barriers (government size, legal system, accountant qualification and organizational characteristics)" (Mnif & Gafsi, 2020).

Godfrey, Devlin, and Cherif Merrouche (2000) stated that LUDER utilized this theoretical framework for clarifying the factors that influenced the adoption or non-adoption of accrual-based accounting measures by different governments in the 1990s. Subsequently, the model was gradually modified as other scholars employed it as a framework for their own research. Lüder (2002) revised the model, resulting in the construction of the Financial Management Reform (FMR) model (Alesani et al., 2012). The revised version of the Lüder contingency model is called the Lüder (2002) Financial Management Reform (FMR) model. This model illustrates the various stimuli, key players, institutional structure, and policy implementation that contribute to the success or failure of the PSA reform (Oliorilanto, 2008).

4.3.2.1 Relevance of Contingency Theory in PSA Research

Contingency theory argues that a country's environmental elements, in addition to company-level factors, may impact business accounting practice (Lopes & Rodrigues, 2007). According to the Lüder Contingency Model, one issue that can hinder the development of innovation in PSA is individuals' attitudes towards transformation. Mustapha et al. (2017) exposed that the standards of internal auditing operations and the skills of personnel are seen as obstacles to implementing accounting advancements in the PS. These obstacles could potentially hinder the improvement of financial reporting quality. Implementation hurdles are obstacles that hamper the successful execution of the implementation process in PSA. The hurdles are the absence of employee proficiency in comprehending the accruals accounting concept, technological advancements, and the identification of assets and liabilities. In order to overcome the hurdles, it is crucial to consider the attitudes and behaviors of employees in accepting the change for the successful implementation process (Azhari et al., 2018; Faghihi & Allameh, 2012). Countries that achieved more favorable results from using accrual accounting have an internal requirement for change as a component of a broader reform effort. On the other hand, countries that were forced to adopt accrual-based accounting rules faced significant challenges, including instances of corruption, instead of reaping the potential advantages of implementation (Polzer, Gårseth-Nesbakk, & Adhikari, 2019). Therefore, taking into account the contextual elements is crucial in PSAR.

For instance, using the contingency framework, Mnif and Gafsi (2020) provide empirical evidence of the substantial influence of country-specific factors on government accounting transparency. Based on the FMR model proposed by Lüder in 2002, Brusca and Martínez (2016) discovered that stimuli had a beneficial impact on the execution of IPSAS. However, the presence of adoption hurdles has an adverse effect on the implementation process. While governments may find incentives to use IPSAS when changing their accounting systems, they may also encounter obstacles that impede the process. Several studies on the adoption of accruals accounting are based on Lüder's (1992) 'contingency model' and its following developments as a theoretical foundation (Alesani et al., 2012; Azhari et al., 2018; Brusca & Martínez, 2016; Godfrey, Devlin, & Merrouche, 2000; Mnif & Gafsi, 2020; Mustapha et al., 2017; Oliorilanto, 2008). The chart provided in section 4.2 indicates that 8.62% of the studies have employed contingency theory as a theoretical foundation while only focusing on a single theory in the PSA study. Schmidthuber et al. (2022) also recognized contingency theory as a prominent theory in IPSAS research.

4.3.3 NPM Paradigm

The emergence of NPM stands out as a highly notable global phenomenon in the field of public administration. The initial concepts underlying NPM are predominantly derived from economic and management theory (Lokuwaduge & De Silva, 2020). The NPM concept was introduced by Hood (1991) and was introduced to reform the PS in the 1980s and 1990s (Lapsley, 1999). The NPM is a combination of values (Gruening, 2001). It primarily aimed to enhance government efficiency by adopting business-like practices and management models adapted from the private sector. Also assumed that the implementation of the NPM contributes to enhancing the efficiency and effectiveness of PS organizations (Hood, 1995). NPM encompasses the modifications in income levels and distribution, as well as the shifts in the socio-technical system associated with the advancement of the major technological developments of the late twentieth century. These changes aim to eliminate the conventional distinctions between 'public sector labor' and 'private sector work' (Bruno & Lapsley, 2018).

Bergmann et al. (2019a) pointed out that the NPM paradigm integrates a synthesis of fourteen distinct components. Hood (1991) specified that NPM necessitates performance assurance, control, accountability, improvement in human resource management, and optimization of information technology, among other things. In addition, NPM highlighted the importance of citizens as the primary recipients of services in the PS. NPM involves the lessening of the PS by means of privatization, reducing the size of the workforce, and restructuring, while implementing customer-focused procedures and adopting private sector management strategies to improve efficiency and responsibility (Brusca & Martínez, 2016). A crucial component of NPM was implementing enhancements in financial information systems. The notion of NPM has prompted the PSA systems of several countries to undertake a prolonged transformation process (Adhikari et al., 2013; Carpenter & Feroz, 2001; Harun, Bell, et al., 2012).

4.3.3.1 Relevance of NPM Paradigm in the PSA research

Kowalczyk and Caruana (2022) stated that the end of the Cold War and the disintegration of the communist blocs in Europe served as a drive for NPM-related shifts in developing economies. NPFM is a crucial component of the NPM reforms effected in the PS since 1980. These reforms were a response to the mounting need for greater transparency and accountability, a reduction of the financial intricacy of government funds, and the progression of PS performance (Christiaens, Vanhee, Manes-Rossi, Aversano, & Van Cauwenberge, 2015). The reforms have involved thoughtful alterations in PSA, specifically the transition from cash to accrual-based accounting and the advancement of international harmonization of government FR (Sellami & Gafsi, 2018).

Accrual Reform based on IPSAS has been popularized to modernize accounting practices globally (Bellanca & Vandernoot, 2013). The transition from cash to accrual accounting and the adoption of widely recognized accrual-based IPSAS are viewed as major advancements in government accounting systems within the framework of the New Public Financial Management (NPFM) (Sellami & Gafsi, 2018). Christiaens et al. (2010) also claimed that the emergence of NPM-driven modernizations and the deficits of the cash-based system are regarded as major factors motivating the reform of PSA. The implementation of IPSAS has also been identified as a crucial measure to improve the standard of FR in the PS (Christiaens et al., 2014). Integrating IPSAS into wider FM and PS reforms is consistent with the principles of NPM (Babatunde, 2017). A number of studies have utilized the NPM paradigm to explain the positive effects of implementing PSA reforms. These studies indicate that such restructuring enhances the modernization of the state and improves policymaking and accountability (Brusca, Gómez-villegas, et al., 2016; De Silva Lokuwaduge & De Silva, 2020; Gomes et al., 2015). Therefore, NPM has remained highly relevant in the field of PSA studies (Jacobs, 2012; Steccolini, 2019).

However, Gruening (2001) argued that employing NPM as a theoretical foundation for research in PSA is not incorrect, but it does lack some precision. On the other hand, according to Jacobs (2016) NPM is the second most deployed theory in PSA research. Schmidthuber et al. (2022) also identified NPM as one of the most employed theories out of the three leading theories in IPSAS research. They asserted again that NPM was mostly employed by scholars to explain the positive effects of the accounting reforms (Schmidthuber et al., 2022). The analysis of Table 4.5 reveals that NPM is predominantly utilized in IPSAS research alongside other theories.

4.4 Theoretical Underpinning of the Present Study and the Justifications

Countries are now under tremendous stress to match their PSA methods with worldwide standards (Mnif Sellami & Gafsi, 2019). Numerous PSARs have attempted to identify and evaluate the complex and haphazard reform processes. However, this research concentrates exclusively on the LG of Bangladesh. The study examines and compares LG's existing accounting systems with global standards. The present research endeavor has deployed an explanatory sequential mixed-method approach to evaluate the impact of numerous factors on conformity with accrual-based IPSAS and the benefits of implementing accrual-based IPSAS in the local government of Bangladesh. Prior research indicates that accounting system reforms in many nations have predominantly supported the implementation of accrual-based systems (Lapsley, Mussari, & Paulsson, 2009). Nevertheless, studies have shown that the traditional cash-based budgetary accounting system continues to be utilized despite the government's attempts to modernize accounting systems (Jones, Lande, Lüder,

& Portal, 2013). Bergmann et al. (2019b) claimed that PSA lacks a suitable and specialized theoretical foundation. This is an essential constraint for study in PSA, especially when examining accrual accounting and its consequences across different themes. The intricate nature of the PS, both in terms of its context and institutions, hinders the use of a single theory or paradigm (Bergmann et al., 2019b). Consequently, researchers depend on several theories instead of a single theory to explain the complicated phenomena of PSA (Broadbent & Guthrie, 1992; Jacobs, 2016; Schmidthuber et al., 2022). Likewise, the current study relied on multiple theoretical viewpoints to examine the factors and benefits of implementing accrual accounting in conformity with the accrual basis IPSAS in the LG of Bangladesh.

In recent times, scholars have started investigating the accounting reforms that have been suggested either internally or externally, particularly in relation to accrual-based accounting and IPSAS for developing countries (Abdulkarim et al., 2020). Harun et al. (2021) claimed, for the most part, that actors external to LGs influence the institutionalization of IPSAS in Indonesia. Brusca et al. (2013) argued that PSA systems have undergone reforms by establishing new regulatory frameworks that authorize and promote the adoption of IPSAS. Institutional Theory portrays how nations and organizations react to the stress of implementing new regulations, such as IPSAS (Haija et al., 2021). Harun et al. (2021) indicated the existence of a normative motive, as the endorsed new system to adopt reform in the PSA was put forward by an alliance of technocrats in Indonesia. They also stated that the implementation of IPSAS in Indonesian LGs is mostly influenced by external parties. Rajib et al. (2019) also argued that the PSA reform trajectories in emerging economies depend on the level of participation in changes by professional accountants and their associations. The involvement of many parties in PSA changes, particularly the Cash Basis IPSAS, is putting it into reality.

Mnif Sellami and Gafsi (2019) stated that external funding from the government, the level of outside support, and the fame of PS organizations have positive effects on the adoption of IPSAS. These effects can be attributed to coercive isomorphic pressure, mimetic isomorphic pressure, and the favorable nature of PS organizations. Moreover, in order to ensure the uninterrupted flow of external loans from international donors, particular nations may implement such standards in response to global pressures. In addition, certain central or LG may imitate other countries that have effectively implemented IPSAS in order to present themselves as loyal and proactive in their pursuit of new regulations. Thus, in the context of developing economies, many studies on PSA reforms have employed NIS to explain the elements that influence and affect the implementation of externally driven accounting reforms. Collin, Tagesson, Andersson, Cato, and Hansson (2009) propose that institutional theory enhances the explanatory power of positive accounting theory in understanding why municipalities choose specific accounting standards. The present research relied on the NIT, Sociological theory of organization, or institutional isomorphism theory to assess the coercive, normative, and mimetic factors that influence the LG accrual accounting reform in Bangladesh.

Scholars argued that the purpose of these PSA reforms is to respond to the requirements of Western nations that possess advanced accounting systems, specialized accounting education, and training (Adhikari et al., 2013; Adhikari & Mellemvik, 2010; Harun, Bell, et al., 2012; Rajib et al., 2019). However, the emerging nations face distinct circumstances, and the unique circumstances in each country contribute to understanding the extent to which accounting has to evolve (Argento et al., 2018), particularly in developing nations. The model of contingency propagated by Lüder (1992) and his upgraded version of the FMR model of Lüder (2002) seek to clarify the effect of environmental variables on the adoption of PSA innovation (Chan, 1994). The success of the endeavors of IPSASB relies on the acknowledgment and endorsement of its work by many interested parties, operating within the boundaries of their respective authorities (Brusca & Martínez, 2016). The current study has also employed the contingency model developed by Lüder (1992) and his enhanced version of the FMR model (Lüder, 2002) to identify and assess the contextual factors that contribute to the implementation of accrual reform in the LG of BD and shape the thematic narrative analysis of the qualitative segment of the present study.

Many studies have been conducted on reforms in PSA, particularly in developing countries, employing the concept of NIT or NIS to clarify the reasons behind and the consequences of rapid changes aimed at meeting the requirements of developed nations with advanced accounting systems, specialized accounting education, and training (Adhikari et al., 2013; Adhikari & Mellemvik, 2010; Harun, Bell, et al., 2012; Rajib et al., 2019). Considering the context of developing nations, it is uncertain whether change pressures will result in the swift and comprehensive implementation of IPSAS. The results of the reform process driven by institutional pressure may vary among different governments (Albu, Albu, & Alexander, 2014), This is also applicable to LG. Hence, it is necessary to assess the specific circumstances of each country in order to determine the degree to which accounting practices need to be modernized (Argento et al., 2018; McLeod & Harun, 2014). Ada and Christiaens (2018) stated that it is important to highlight that coercive pressure alone is insufficient to change internal organizational structures and improve performance. Instead, these pressures result in splits in financial reporting. The theoretical basis for examining the factors that influence accrual reform or IPSAS adoption encompasses both institutional and contingent aspects. While an organization's internal institutional and contingency elements may influence the accrual reform, these factors can also be influenced by external institutional pressure-related factors, leading to variation (Mbelwa, 2015). Thus, the organization's internal institutional and contingency factors can be shaped by coercive, mimetic, and normative pressure. Therefore, NIT or Contingency theory solely failed to describe the PSA phenomena, especially in PSA reform-related research. Many studies, however, struggle to recognize an appropriate theoretical basis (Bergmann et al., 2019b). Consequently, the present study examines the factors affecting accrual reforms in LG by employing both NIT and Lüder's FMR contingency models.

This study not only aims to inspect the factors that affect the accrual reform in the LG of BD. Furthermore, it will explore the potential benefits of implementing such reforms. There is a mounting agreement about the benefits of adopting accounting reforms that are in line with the principles of NPM (Lapsley et al., 2009). Many scholars argue that the NPM paradigm emphasizes the necessity for enhancing transparency and decision-making (Brusca, Gómez-villegas, & Montesinos, 2016). NPM thirsts for the acceptance of a more transparent approach to effective governance. The impact of NPM has resulted in widespread agreement on the need to improve the accountability of PS organizations. Accounting systems in most countries have undergone reforms to enhance accountability and transparency. These reforms seek to regain the faith of the people in their own governments (Brusca & Martínez, 2016). Scholars argued that implementing accrual-based accounting reform will enhance public transparency and efficiency (Thi Thanh et al., 2020). IPSAS cash or accruals are designed to enhance the quality of FR by PS entities, with the goals of boosting transparency and accountability in the PS and boosting the comparability of FSs globally. The implementation of accrual accounting, as a result of NPM reforms, offers greater and precise insights into the financial stability of the government, the value of its assets, and the estimation of the expenses associated with public services (Pina & Torres, 2003). Therefore, adopting IPSAS is a noteworthy driver synchronizing the PSA system (Brusca & Martínez, 2016; Christiaens et al., 2010) from the inspiration of the NPM paradigm. The adoption of international accounting standards enables the alignment of national accounting systems (Benito et al., 2007). Countries that have adopted these standards are of the opinion that these reforms augment transparency and accountability (Brusca & Martínez, 2016), which matches the spirit of NPM. Therefore, the present study has also applied the NPM paradigm to discover and analyze the perceived benefits of accrual reform in the LG of BD.

Ada and Christiaens (2018) claimed that the coercive pressures exerted by international agencies may significantly influence the decision to implement accrual-based standards, which is grounded in the fundamental concept of legitimacy. Nonetheless, coercive pressure alone is inadequate to ensure the successful adoption and implementation of IPSAS, hence failing to enhance transparency or disclosure levels. They also stated that the specific conditions in a developing country create disparities in the formal and material harmonization of IPSAS. They further observed that changes in the Turkish public sector rarely arise from grassroots demand, as is common in advanced economies. Due to the disparity between institutional forces or pressures and the efforts of organizations, institutional theorists argue that formal frameworks and their real implementations are often 'decoupled' (Powell & DiMaggio, 2012). Decoupling refers to a gap between policy and practice that safeguards the technical core and internal frameworks of an organization. According to Weick (1982),

> "Decoupling is seen in situations where elements affect one another suddenly (rather than continuously), occasionally (rather than constantly), negligibly (rather than significantly), indirectly (rather than directly), and eventually (rather than immediately)." (Weick, 1982, p 673)

Thus, the pressure factor alone is insufficient for the successful adoption of accrual basis IPSAS in LGs. As a result, the country-specific or institution-specific factors must also be taken into account. Since Western nations have sophisticated accounting systems, specialized accounting education, and training, conversely, developing countries have distinct circumstances (Adhikari & Mellemvik, 2010; Rajib et al., 2019). The internal institutional and contingency features of an organization may affect accrual reform, but external institutional pressures can also shape these characteristics and vice versa (Mbelwa, 2015). Van Helden and Uddin (2016) stated that when analyzing PFM enhancements in line with NPM, it is also essential to consider the influence of the complicated local context, particularly in a developing nation (Van Helden & Uddin, 2016). Therefore, the theoretical basis for analyzing the factors that influence accrual reform or IPSAS adoption includes both institutional and contextual aspects. The current study seeks to identify the key factors influencing accrual reform in the LG of Bangladesh and to demonstrate the potential benefits of such reforms. There is an increasing consensus regarding the advantages of implementing modifications to accounting that align with the principles of New Public Management, as previously stated. Therefore, given the premise of the current research, the utilization of multiple theories or *theoretical pluralism* is crucial for a genuine understanding of the research context.

In the present study, *the Neo-institutional Sociology or institutional isomorphism* is being used as a theoretical framework to examine and comprehend the several variables that exert pressures *(coercive, normative, and mimetic)* on the LG accrual accounting reform. Further, to address the complex context of the LG, the researcher employed a comprehensive theoretical framework that is based on the *contingency theory* developed and enhanced by *Lüder in 2002, known as the FMR model*. The primary objective of implementing Lüder's contingency FMR model was to understand the impact of the contextual conditions/ Institutional Arrangements (such as Accountants' Quality, ICT infrastructure, Leadership Commitment, and Legal Environment) on LG accrual accounting reform. In addition, the study utilized the *NPM* paradigm to analyze and ascertain the apparent benefits (transparency, accountability, overall performance, and comparability) of implementing accrual reform in the local government of BD.

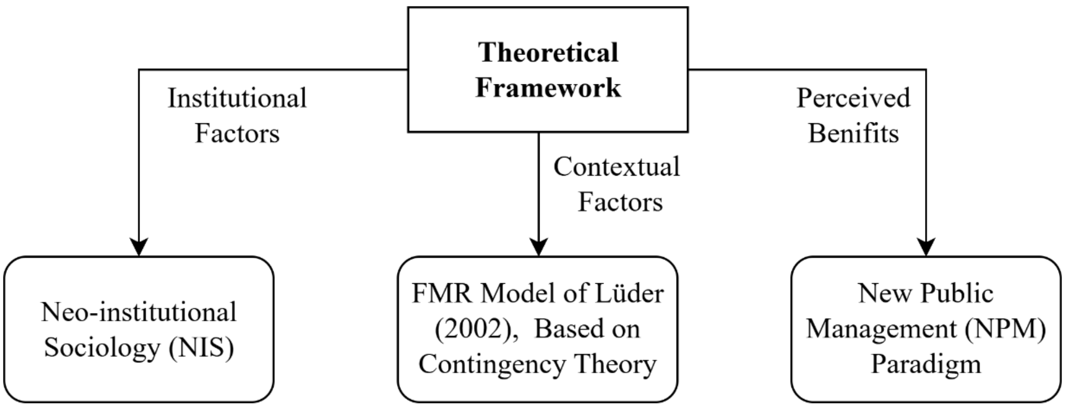


Figure 09: Theoretical Framework of Present Research

4.5 A Brief Synopsis of Theoretical Underpinning of Past Literature

Table 16: A Scenario of Theoretical Underpinnings of IPSAS and AR Research

Contributors and Year	Central Issues	Research Methods	Theoretical Underpinning
Alghizzawi and Masruki (2020)	IPSAS adoption Benefits.	Review Paper.	Agency Theory.
Cuadrado-Ballesteros, Citro, and Bisogno (2020)	Accrual systems and the efficacy of coherent accounting rules.	Quantitative (Secondary Panel Data).	Agency Theory Public Choice Theory.
Obara and Nangih (2017)	IPSAS effects on government reporting.	Quantitative (Questionnaire Survey).	Agency Theory.
Ademola et al. (2020)	IPSAS adoption and financial reporting quality.	Quantitative (Questionnaire Survey).	Stakeholder Theory.
Babatunde (2017)	Factors contributing to the slow implementation of IPSAS.	Quantitative (Questionnaire Survey).	NPM, Stakeholders Theory
Gomes et al. (2015)	IPSAS adoption and stakeholders' perception.	Qualitative Case Study (Interviews and Documentary Analysis)	NPM, Institutional Theory.
Bruno and Lapsley (2018)	Determination of accrual accounting policy.	Qualitative Case Study: (Observation and Documentary Analysis)	Latour's Theory, NPM
Lokuwaduge and De Silva (2020)	Determinants of PSA reforms.	Qualitative Case Study (Documentary Analysis).	NPM, Contingency Model of Lüder (2002).
Mustapha et al. (2017)	Contingent factors' effects on financial reporting quality.	Quantitative Survey.	Contingency Model of Lüder (2002).
Brusca and Martínez (2016)	The stimuli and barriers to adopting IPSAS and its benefits.	Quantitative Employed SEM.	Contingency Model of Lüder (2002).
Oliorilanto (2008)	The reasons for the failure of the accrual model implementation.	Qualitative Approach.	Luder's Contingency Model.

Mnif and Gafsi (2020)	IPSAS-based disclosures and factors influencing the disclosure level.	Quantitative Documentary Analysis.	Contingency Theory Framework.
Abdulkarim et al. (2020)	Readiness of the PS in adopting IPSAS.	Quantitative Questionnaire Survey.	Innovation Diffusion Theory.
Godfrey, Devlin, and Merrouche (2000)	Government accounting development process.	Qualitative Approach.	Contingency Theory; Diffusion of Innovations.
Adhikari et al. (2015)	Implementation of Cash-Basis IPSAS.	Qualitative Document Analysis and Semi-structured Interviews.	Diffusion Theory.
Jackson and Lapsley (2003)	How PSA changes affect the PS.	Qualitative Approach Survey.	Diffusion Theory
Adhikari, Kuruppu, Ouda, Grossi, and Ambalangodage (2021)	Implementation of PSA reforms in developing economies.	Qualitative Document Analysis, and Semi-structured Interviews.	Diffusion Theory.
Aribaba, Yakibi, et al. (2020)	Perception of IPSAS	Quantitative Questionnaire Survey.	Institutional Theory.
Boolaky et al. (2019)	Speed and drivers of IPSAS implementation.	Quantitative Documentary Analysis.	Neo-institutional Theory.
Adhikari et al. (2013)	PSA reforms implementation in LDCs.	Qualitative Unstructured Interviews and Document Analysis.	Neo-institutional Theory.
Argento et al. (2018)	IPSAS Adoption.	Qualitative Case Study, Documentary Analysis, and Interview.	Neo-institutional Theory, Institutional Logics, Institutional Entrepreneurs.
Rajib et al. (2019)	Implementation of Cash Basis IPSAS in BD.	Qualitative Document Analysis, Unstructured Interviews.	Neo-institutional Theory.
Adhikari and Mellemvik (2010)	South Asian countries' IPSAS move.	Qualitative Document Analysis.	Neo-institutional theory.
Mnif Sellami and Gafsi (2019)	IPSAS adoption factors.	Quantitative Document Analysis	Institutional Theory, Theory of Economic Regulation.

Thi Thanh et al. (2020)	Accrual accounting reform factors.	Quantitative Questionnaire Survey, SEM.	No Theory Specifically Linked
Mbelwa (2015)	Influence of factors on the use of accounting information.	Quantitative SEM Questionnaire Survey.	Institutional Theory, along with its branches, NIS and OIE.
Baskerville and Grossi (2019)	Glocalization surrounding the process of the adoption of IPSAS.	Qualitative Approach.	Neo-institutional Theory. Sociological, Economic, and Historical Institutionalism.
Harun, Bell, et al. (2012)	Institutionalization of accrual accounting.	Qualitative Case Study, Documentary Analysis, Interviews.	New Institutional Sociology (NIS).
Ada and Christiaens (2018)	Reasons for the shortfalls of the IPSAS.	Qualitative Document Analysis and Semi-Structured Interview.	Neo-institutional Theory.
Harun et al. (2016)	Process and effects of IPSAS adoption.	Qualitative Document Analysis and In-depth Interview.	New Institutional Theory, The Institutionalization Process Model (IPM).
Mbelwa, Adhikari, and Shahadat (2019)	Accrual accounting reform factors.	Quantitative Techniques: Explanatory and cross-sectional Survey.	New Institutional Theory, Decision of Usefulness.
A. Haija et al. (2021)	IPSAS success factors.	Quantitative Questionnaire Survey.	New Institutional Theory.
Brusca, Gómez-villegas, et al. (2016)	IPSAS implementation’s stimulus and its effects.	Qualitative Approach; Document Analysis; Semi-Structured Interviews.	NPM, New Institutional Theory, Lüder FMR Contingency Model.
Bakre et al. (2022)	Implications for Nigeria’s obligation to neoliberalism as a neo-colonial dependence notion and IPSAS.	Qualitative Methodology: Interviews and Archival Documents.	No theory linked.
Harun et al. (2021)	The institutionalization of IPSAS.	Case study approach. Documentary	IMI Model.

		source and Interview.	
Alozie (2020)	FR quality during the pre-IPSAS execution era.	Secondary Sources, Ex post facto analysis.	Rules-of-law theory, PFM theory, financial information asymmetry, the phenomenon of agency theory, and public interest in accounting.
Kowalczyk and Caruana (2022)	How do the two EU's "fit" into the harmonization project and the implementation of IPSAS?	Explanatory multiple case study, Qualitative interpretative approach.	Legitimacy Theory; Neo-institutional theory.
Jones and Caruana (2016)	IPSAS adoption decisions by the Maltese government.	Documentary Research, Interviews.	Neo-Institutional Theory
Polzer, Grossi, and Reichard (2022)	Reasons for implementing unaltered IPSAS.	Documentary Analysis Interview.	No theory, Specifically Linked.
Gomes et al. (2019)	Process of implementing the IPSAS for consolidated reporting.	Documentary Analysis; Interview.	No theory, Specifically Linked.
Alesani et al. (2012)	The drivers and reasons for PSA reforms.	Exploratory case study, Documentary Analysis, and Interview Observations.	Lüder's (2002) FMR model.
Polzer and Reichard (2020)	Structure and analyze the discussion around EPSAS and IPSAS.	Prior research, Documentary Analysis.	New Institutional Theory.
Gómez-Villegas, Brusca, and Bergmann (2020)	Process of reform of PFM in Latin America.	Documentary Analysis; Interview.	new institutional theory
Laswad and Redmayne (2015)	New Zealand (NZ) preferred reporting framework between IFRS and IPSAS.	Survey	No theory, Specifically Linked.
Tawiah (2023)	Impact of the IPSAS adoption on Governance quality.	Secondary panel data, with GMM.	No theory, Specifically Linked.
Jorge et al. (2021)	Understanding the action of pilot entities and their Role in the overall reform procedure of public	Quantitative research Survey.	New Institutional theory: institutional logics.

	sector accounting (PSA).		
Jorge et al. (2019)	IPSAS adoption process.	Literature Review, Documentary Analysis.	Actor-Network Theory.
Goddard, Assad, Issa, Malagila, and Mkasiwa (2016)	The paper précises an effort to theorize the results of a series of research projects inspecting accounting practices across the PS in Tanzania.	Interview, Grounded Theory Methods.	The 'two publics' theory, Legitimacy Theory, and Institutional theory.
Chow and Aggestam Pontoppidan (2019)	Analyze and grasp the UN System's adoption of IPSAS	Content analysis of the publicly accessible document	Legitimacy Theory.
Hamed-Sidhom, Hkiri, and Boussaidi (2022)	The effect of IPSAS adoption,	panel regression analysis	Transparency International (TI), Corruption Perceptions Index (CPI).
Caruana and Grima (2019)	IPSAS adoption	Case Study, Documentary Analysis, and Interview.	No theory, Specifically Linked.
Gomes et al. (2019)	The process of executing the IPSAS for consolidated reporting in the two countries.	Documentary Analysis Interview.	No theory, Specifically Linked.
Cuadrado-Ballesteros and Bisogno (2021)	The quality of governance and PSA reforms.	Quantitative Secondary Data Survey.	No theory, Specifically Linked.
Christiaens et al. (2010)	Investigates the degree to which European governments implement IPSAS and explores the factors contributing to adoption.	Survey on Experts.	The NPM paradigm was discussed in the introduction; however, no theory was specifically linked.
Kartiko et al. (2018)	Government accrual-based IPSAS deployment and central government budgetary openness are studied in this paper.	Content Analysis and Confirmatory Factor Analysis (CFA), panel data Regression.	No theory, Specifically Linked.
Brusca et al. (2013)	Global adoption of IPSAS.	Documentary Analysis	No theory, Specifically Linked

Saleh et al. (2023)	Explores the prerequisites, difficulties, and challenges of applying the accrual-based IPSAS.	archival approach	No theory, Specifically Linked
Tawiah (2023)	Examines the impact of IPSAS on governance quality carried out in 107 countries.	Quantitative approach, Documentary Analysis.	No theory, Specifically Linked.

Table: A brief summary of relevant theories in IPSAS and Accrual reform research.

Source: (Researcher's own, 2025)

4.6 Hypothesis Development

4.6.1 Factors influencing the transition to accrual-based accounting in the local government of Bangladesh

Inspired by NPM, numerous nations have attempted or executed accrual reform in both central and local government. However, the extent of accrual implementation varies significantly among the nations (Christiaens et al., 2010; Mnif & Gafsi, 2020). As the study identified and discussed earlier, the most probable explanation is that the contextual and institutional factors that affect the success of accrual reform among countries differ. Each nation has specific requirements, demanding a custom analysis to determine the factors that may facilitate or hinder the effective implementation of IPSAS (A. Haija et al., 2021). Therefore, implementing IPSAS accruals in the accounting practices of LG presents numerous obstacles and complexities. The factors include the necessity for sufficient time, financial resources, professional capacity enhancement, organizational elements, political backing, technical expertise, infrastructure development, and regulatory structures (A. Ismaili et al., 2021). However, a worldwide debate exists around adopting IPSAS. These came from the possible challenges governments may have when transitioning to a full accrual basis (A. Haija et al., 2021). Consequently, numerous studies have been undertaken globally to investigate and contribute to the ongoing debate around implementing IPSAS-based accrual transformation. After a comprehensive literature review assessment, expert consultations, and theoretical considerations, these specific influential factors have been identified, and hypotheses have been formulated:

4.6.1.1 Qualities and Competencies of Accountants (QCA)

Research across several nations indicates that a greater number of accountants holding a university degree correlates with an enhanced capacity to implement standards (Doan, Thi, & Phan, 2020). Thi Thanh et al. (2020) argued that the educational qualifications and competencies of the accounting personnel are of extreme importance to the accounting reform. Their study demonstrated that the proficiency, capability, and talents of the accounting personnel considerably impacted the adoption of accrual accounting in Vietnam. Yusof (2021) found significant correlations between the skills of human resources and the amount of preparedness to adopt accrual-based accounting. Mustapha et al. (2019) demonstrated that the competence of accounting staff significantly and positively influences perceived financial reporting quality (FRQ). Their study results emphasized the importance of staff competency as a vital organizational element in delivering high-quality financial reporting while complying with international accounting standards. Ouda (2004) affirmed long before that an elevated standard of staff education will facilitate their comprehension and application of the new accounting approaches. Mbelwa (2015) also demonstrated the significance of education and experiences in accounting and financial matters for those involved in the decision-making process of PS budgeting. The professional educational environment, specifically accounting personnel and their recruitment in the PS, significantly influences accounting reform (HIỀN, 2015). McLeod and Harun (2014) revealed that the necessity for additional individuals with adequate accounting competence has somewhat hindered the advancement of this reform. Gebreyesus (2020) argued that implementing IPSAS in the PS faces hurdles, including a scarcity of competent specialists in asset valuation. After a comprehensive review of the literature, Saleh et al. (2023) also addressed the inadequacy of skilled accounting and financial people as a major challenge in implementing the IPSAS-based accrual reform. Based on the findings of prior research, the hypothesis is built as follows:

H1 The Qualities and Competencies of Accountants (QCA) positively influence the accrual accounting reform in the local governments of Bangladesh.

4.6.1.2 Training and Professional Support (TPS)

The difficulty faced by professional organizations, consultants, and specialists in establishing optimal conditions and protocols to uphold their standards is associated with normative pressure (Carpenter & Feroz, 2001; DiMaggio & Powell, 1983). Rajib et al.

(2019) stated that the level of involvement of professional accountants and their associations in reforms directly influences the paths of PSA reform in developing countries. The knowledge acquired in the training course will enhance accountants' understanding of accounting principles. It enables them to apply and choose appropriate accounting techniques and policies to optimize their organizations' benefits (Doan et al., 2020). Dianto and Aswar (2020) demonstrated a significant association between training and the successful implementation of accrual accounting. All levels of government must participate in the continuous training and retraining of accounting personnel to successfully implement IPSAS in the LGs (Abimbola et al., 2017). The study findings of A. Haija et al. (2021) verified a strong and statistically significant correlation between training, external assistance, and IPSAS. The extent of accounting reform implementation significantly and positively correlates with expert help and training for accounting personnel (Eriotis, Stamatiadis, & Vasiliou, 2011). The training and support provided by consulting specialists significantly positively influenced the adoption of accrual accounting in Vietnam (Thi Thanh et al., 2020). Ademola et al. (2020) also affirmed that staff training and the availability of expertise substantially impact the implementation of IPSAS. HIỀN (2015) highlights the importance of international experts' support for the accrual reform. However, Mnif Sellami and Gafsi (2017) argued that the education level (normative isomorphic pressure) does not significantly influence the accounting reform decision of Bangladesh.

Therefore, the hypothesis is articulated as follows:

> ***H2 Training and Professional Support (TPS) positively influence the accrual accounting reform in the local governments of Bangladesh.***

4.6.1.3 Information and Communication Technology (ICT):

In the PS, a high standard of information technology is a key requirement for effectively executing accounting reforms or other organizational enhancements (Ouda, 2004). Researchers point out that advanced computer technology will be fundamental to enabling and assisting the implementation of accrual accounting in the public sector (Eriotis et al., 2011). In Oyewobi and Salawu (2019) demonstrated that the adoption of IPSAS is significantly influenced by sufficient technological capacity and information systems. The substantial correlations between the capacity of software and technology and the amount of preparedness to adopt accrual-based accounting were also demonstrated by Yusof (Yusof, 2021). The extent of ICT implementation positively influences the adoption of accrual accounting reform in Vietnam (Thi Thanh et al., 2020). de Azevedo et al. (2020) demonstrated that software corporations in Brazil partially influence the IPSAS implementation agenda. The substantial outsourcing of accounting software by Brazilian LG severely constrains and impacts the advancement of the national IPSAS initiative for local governments. The insufficiency of technological infrastructure and IT in implementing IPSAS was also addressed by Saleh et al. (2023) as a major challenge. Based on the findings of earlier research, the hypothesis is framed as follows:

> ***H3 Information and Communication Technology (ICT) positively influences the accrual accounting reform in the local governments of Bangladesh.***

4.6.1.4 Legal Environment (LE)

The legal foundation in accounting comprises a collection of legal instruments promulgated by the state to facilitate the practical application of accounting practices. Numerous studies to date have concurred that the legislative framework established by the state influences the implementation and structuring of accounting practices (Doan et al., 2020). Thi Thanh et al. (2020) demonstrated that the legal framework substantially impacted the adoption of accrual accounting in Vietnam. The study findings of A. Haija et al. (2021) confirmed a strong and statistically significant correlation between local laws and IPSAS. Hai and Tu (2019) pointed out that the legal environment positively influences the operations and activities of accounting and auditing. Yusof (2021) has shown a substantial correlation between the compatibility of accounting policies and standards and the amount of preparedness to adopt accrual-based accounting. However, Ademola et al. (2020) found an insignificant relationship between IPSAS and the legal environment. Based on the above arguments, the hypothesis is formulated as follows:

> ***H4 The Legal Environment (LE) positively influences the accrual accounting reform in the local governments of Bangladesh.***

4.6.1.5 Leadership Commitment (LC)

Van der Voet et al. (2016) stated that the actions of direct supervisors demonstrating innovative leadership is a crucial element in effectively implementing a change. Gebreyesus (2020) stated that the lack of managerial commitment is one of the major challenges in implementing IPSAS in the PS. Nakmahachalasint and Narktabtee (2018) also affirmed that a notable obstacle to the shift towards accrual accounting encompasses a lack of motivation among the personnel. The degree of commitment within an organization enhances the readiness of government personnel for accrual reform in Jordan (Alghizzawi & Masruki, 2019). Oyewobi and Salawu (2019) stated that the awareness of the transition to IPSAS, the dedication of central entities and important officials, and the implementation of an effective project management structure for IPSAS have influenced the adoption of IPSAS in Lagos state. Argento et al. (2018) findings indicated that the successful implementation of accounting systems align with IPSAS was facilitated by the participation of influential individuals (institutional entrepreneurs) with international and business experience. The level of support and agreement from the different government officials is a significant factor influencing the execution of IPSAS in Nigeria (Babatunde, 2017). The research of Aribaba, Afolabi, et al. (2020) revealed a significant correlation between perceptions of stakeholders and the implementation of IPSAS. The study findings of A. Haija et al. (2021) have shown a strong and statistically significant correlation between stakeholder engagement and IPSAS. This study by Dianto and Aswar (2020) identified a significant association between top management support and the successful implementation of accrual accounting. The strong commitment from top management to implement IPSAS was also highlighted by Saleh et al. (2023) in a review study. However, Ademola et al. (2020) found an insignificant relationship between institutional commitment and IPSAS. Consequently, it is essential to examine whether leadership commitment influences the accrual reform of the local government in Bangladesh. Therefore, the hypothesis is formulated as follows:

> ***H5 The Leadership Commitment (LC) positively influences the accrual accounting reform in the local governments of Bangladesh.***

4.6.1.6 External Institutional Pressure (EIP)

Coercive isomorphism occurs when there is a necessity for resources and concerns over legality. The local government depends on many resource providers and lawmakers like the central government, FRC, Donors, etc. Mbelwa (2014) identified that coercive institutional pressures encompass influences from people, donors, and the central government in Tanzanian local governments, which arise from financial dependency. They found a correlation between coercive demands from donor funding, access to financial resources, and the influence of professional boards in establishing and executing auditing standards and processes. Harun et al. (2021) demonstrated that the implementation of IPSAS in Indonesia is predominantly shaped by external entities rather than the local government. However, Ada and Christiaens (2018) emphasized that coercive pressure alone cannot enhance performance and amend organizations' internal frameworks. Therefore, the hypothesis is made as follows:

H6 External Institutional Pressure (EIP) positively influences the accrual accounting reform in the local governments of Bangladesh.

4.6.1.7 Global Accrual Transformation (GAT)

Organizations recognize the necessity to imitate the strategies of successful, similar organizations due to mimetic pressure stemming from uncertainty. Mimetic isomorphism denotes the process wherein social actors replicate the behaviors of others to augment their own validity and acceptance (DiMaggio & Powell, 1983). IPSAS serves as a global standard for the modernization of governmental accounting systems (Alshujairi, 2014; Brusca & Martínez, 2016). Therefore, Organizations are motivated to adhere to IPSAS because of institutional incentives. This results in organizations adopting similar behaviors as they strive to emulate one another, strengthen their legitimacy, and adhere to socially accepted norms and procedures. The desire to be like a similar approach utilized in developed countries was another significant factor in the decision to adopt the accrual basis (Harun et al., 2016). Brusca and Martínez (2016) claimed that the usage of IPSAS by international governmental entities promotes the acceptance of Accrual reform. Likewise, the endeavors of developing nations' local governments for accrual accounting urge other nations' local governments to adopt accrual accounting (Amiri & Hamza, 2020). The research by Boolaky et al. (2019) demonstrates that mimetic institutional forces affect the rate of IPSAS adoption in conjunction with other influences. Therefore, this global transformation or memetic pressure may have an impact on the local government of Bangladesh. Hence, the hypothesis is articulated as follows:

H7 Global Accrual Transformation (GAT) positively influences the accrual accounting reform in the local governments of Bangladesh.

4.6.2 Accrual Reform

It is commonly acknowledged that a crucial reform in the NPM is substituting conventional cash-based accounting systems with accrual-based systems in the PS. The implementation of high-quality accrual accounting establishes a foundation for the enhancement of management information systems, hence facilitating improved decision-making and more effective utilization of public resources (A. Ismaili et al., 2021). The public sector has unique characteristics. This leads to differences in accrual accounting processes compared to the private sector. IPSAS addresses the unique characteristics of the PS. Thus, many countries adopted IPSAS as a foundation for accrual reform and to improve worldwide comparability. Schmidthuber et al. (2022) asserted that IPSAS is related to superior information quality and improved internal decision-making. However, few studies have also addressed its unexpected consequences. Adhikari and Jayasinghe (2017, June) have claimed that the adoption of accrual-based IPSAS in developing countries as a component of PSA reforms has led to unforeseen consequences and dissatisfaction. Instances have arisen when these reforms have demonstrated excessive complexity and ineffectiveness during implementation. This leads to their rejection or substitution with alternate approaches. Therefore, it is important to find out the views of LG accountants regarding the anticipated advantages of the FRC's proposed accrual reform based on IPSAS for LG.

4.6.3. Perceived Benefits of Accrual Transition in the Local Government of Bangladesh

4.6.3.1 Transparency, Accountability and Overall Performance (TAP)

Cuadrado-Ballesteros and Bisogno (2021) asserted that the adoption of accrual-based accounting systems and the implementation of IPSAS boost governance quality. Their findings specifically suggested a positive effect on accountability, governmental efficiency, regulatory quality, obedience to the rule of law, and the capacity to fight corruption. Tawiah (2023) also found that IPSAS exerts a positive and substantial influence on governance quality. The study indicates that IPSAS is essential for promoting accountability and transparency in the interaction between the state and its citizens. The adoption of IPSAS enhances management accountability and transparency through the supply of timely and clear yearly FR (Brusca, Gómez-villegas, et al., 2016; Gebreyesus, 2020; A. Ismaili et al., 2021; Narsaiah, 2019; Opanyi, 2016; Thi Thanh et al., 2020). Ogbuagu and Onuora (2019) and Ademola et al. (2020) stated that IPSAS promotes the quality and reliability of FR. Nzewi and Enuenwemba (2020) also claimed that IPSAS promotes accountability and transparency among public officials in ministries. Kartiko et al. (2018) found a direct correlation between the extent of adoption of accrual-based IPSAS and fiscal transparency. The study of Obara and Nangih (2017) also established that implementing IPSAS will lead to greater financial transparency and accountability, enhanced internal controls, improved financial and resource management, increased efficiency in decision-making, and better governance. Abimbola et al. (2017) demonstrated that the execution of IPSAS enhances accountability and transparency while diminishing corruption in the chosen LG. However, Goddard and Issa Mzenzi (2015) claimed that importing Western-style reforms into emerging countries leads to increased fraudulent practices. Adhikari and Jayasinghe (2017, June) also pointed out the unintended consequences of IPSAS in developing nations. In fact, IPSASB establishes a cash-based IPSAS for those nations facing the challenges of accrual reform.

Therefore, the hypothesis is articulated as follows:

> ***H8 The accrual reform (AR) will positively influence the Transparency, Accountability, and Overall Performance (TAP) of the local governments of Bangladesh.***

4.6.3.2 Comparability

The empirical findings of Ademola et al. (2020) demonstrated that implementing IPSAS had a substantial and favorable impact on comparability. Implementing international accounting standards in the PS results in time and effort savings and facilitates the comparison of financial statements across various government entities (Mijbil & Jabal, 2021). Opanyi (2016) found that IPSAS leads to immediate benefits in terms of comparability and modernization. Adopting IPSAS in the global arena appears to serve as a mechanism for the modernization, standardization, and comparability of governments' financial reporting (Brusca, Gómez-villegas, et al., 2016; Brusca & Martínez, 2016). Based on the findings of prior research, the hypothesis is articulated as follows:

> ***H9 The accrual reform will positively influence the Comparability of financial reporting in the local governments of Bangladesh.***

4.7 Conceptual Research Model

Figure 10: Conceptual Research Model

Where **Exogenous variables (7)** are Qualities and Competencies of Accountants (QCA), Training and Professional Support (TPS), Information and Communication Technology (ICT), Legal Environment (LE), Leadership Commitment (LC), External Institutional pressure (EIP), Global Accrual Transformation (GAT), and **Endogenous variables (3)** are Accrual Reform (AR), Transparency, Accountability, and overall Performance (TAP), Comparability (COM).

4.8 Questionnaire Development

4.8.1 Selection of the Questionnaire Items

4.8.1.1 Literature Review

The first stage in creating the questionnaire involved thoroughly examining current literature on research related to PSA reform. Primary sources employed for this study included scholarly journals, books, conference papers, and other relevant academic materials. This review helps to identify the key constructs and questionnaire items under those variables that influence the accrual accounting reform and the anticipated advantages of implementing such reform in the LG of Bangladesh. DeVellis and Thorpe (2021) a thorough literature study is crucial for item design to ensure that the questionnaire encompasses all pertinent facets of the assessed construct.

4.8.1.2 Expert Consultations

To ensure the credibility and relevance of the questionnaire items, following the identification of possible items from the literature, consultations were conducted with academic experts and professional accountants specializing in accounting. The panel of experts included faculty members, LG policymakers, and accounting professionals. Their excellent insights were crucial in enhancing the items to ensure they were relevant and easily understandable to the planned respondents. Expert feedback is vital in the item development process, as emphasized by Hinkin (1995), to verify content validity. In order to ensure the strength and effectiveness of the approaches, a group of specialists went through a detailed evaluation of each item. They offered valuable input about their relevance and comprehensibility. The recommendations provided were executed to alter or rewrite the items in order to improve their validity. The recurring process of expert evaluation and adjustment ensured that the questionnaire was thorough and targeted.

4.8.1.3 Translation: The questionnaire was translated into Bengali and reviewed by language experts to ensure its accurate transcription. Back translation has also been implemented to enhance the effectiveness of this process.

4.8.1.4 Pre-testing and Pilot Study

A pre-testing and pilot study was conducted to assess the draft questionnaire. A small sample of 10 respondents related to the study's target population participated in this pre-testing phase. This pre-test aimed to detect any ambiguities or problems with the items. After analyzing the input from the pre-test, the researcher made the necessary modifications to improve clarity and relevancy. Then, a pilot study used a more extensive sample to assess the dependability of the questionnaire. The pilot study provided additional validation for the items. During the pilot test, participants offered input regarding the comprehensibility and relevance of each item. The pilot research data were examined to assess internal consistency and dependability. Any items that did not meet the reliability criteria were either altered or eliminated from the final questionnaire.

The rigorous procedure of conducting a literature review, consulting with subject matter and language experts, and conducting pilot tests confirmed that the questionnaire employed in this study is valid and reliable. Therefore, by following these rigorous and systematic questionnaire development techniques, the results of the study are expected to be strong and trustworthy.

The relevant information about the questionnaire development is presented in the methodology section.

4.8.2 Sources of Questionnaire Items

Table 17: Sources of Questionnaire Items

Construct	Question Items	Sources	Theoretical Underpinning
Qualities and Competencies of Accountants (QCA)	The level of academic qualifications	Ouda (2004), Eriotis et al. (2011), Abimbola et al. (2017), (Mbelwa, 2015), (Choi & Meek, 2011), (Thi Thanh et al., 2020).	Contingency
	Job experience	Eriotis et al. (2011), Abimbola et al. (2017), (Mbelwa, 2015).	
	The ability to use information technology	Abimbola et al. (2017), (Mbelwa, 2015), (HIỀN, 2015).	
	An Accountant's professional knowledge: knowledge of government accounting, accounting standards, principles, etc.	Abimbola et al. (2017), HIỀN (2015), (Mbelwa, 2015), (Thi Thanh et al., 2020).	
Training & Professional Support (TPS)	The PS accountant's training policy	HIỀN (2015), (Thi Thanh et al., 2020).	Normative
	Employee Participation in professional courses, seminars, and workshops.	A. Haija et al. (2021), Eriotis et al. (2011), Brusca and Martínez (2016).	

	The recruitment of well-qualified and trained personnel.	A. Haija et al. (2021)	
	Professional Support from consultants.	Brusca and Martínez (2016), A. Haija et al. (2021), Eriotis et al. (2011), (Ouda, 2004), (Thi Thanh et al., 2020), (Beredugo & Taxation, 2021).	
	Assistance from international accounting bodies and experts.	A. Haija et al. (2021), HIỀN (2015).	
	National accounting professional bodies like ICAB, ICMAB, FRC, etc. Support	A. Haija et al. (2021)	
Level of Information and Communication Technology (ICT)	Sufficient software, hardware, networks, and data line speed.	A. Haija et al. (2021), (HIỀN, 2015).	Contingency
	ICT infrastructure Update	A. Haija et al. (2021)	
	User-friendly ICT.	Eriotis et al. (2011)	
	ICT for accurate and complete accrual financial reports.	Eriotis et al. (2011), (Ouda, 2004), (Alshujairi, 2014).	
Legal Environment (LE)	The legal framework of PFM.	(HIỀN, 2015), (Doan et al., 2020), (Beredugo & Taxation, 2021).	Contingency
	The rules and standards on PFM were announced by the accounting standard issuing body.	(HIỀN, 2015), (Beredugo & Taxation, 2021).	
	Local laws adjustments.	(A. Haija et al., 2021), (Alshujairi, 2014), (Beredugo & Taxation, 2021), (A. Ismaili, H. Ismajli, & N. B. Vokshi, 2021).	

	The proper enforcement of internal regulations.	(Abimbola et al., 2017)	
Leadership Commitment (LC)	Top management and other related parties, e.g., set clear objectives, plans, and strategies.	(A. Haija et al., 2021), (HIỀN, 2015), (Beredugo & Taxation, 2021).	Contingency
	Reduce the barriers to accrual reform.	(A. Haija et al., 2021)	
	Encourage the accrual concept and the importance of transforming to accrual accounting.	(A. Haija et al., 2021), (Ahmet Ismaili et al., 2021), (Abdulkarim et al., 2020).	
	Work together to improve the organizational culture and legislative environment.	(A. Haija et al., 2021)	
	Delegation of authority and improved employee independence.	(A. Haija et al., 2021), (ACCA, 2017).	
External Institutional pressure (EIP)	The professional accounting board pressure.	(Abimbola et al., 2017), (Mbelwa, 2015).	Coercive
	Donor pressures.	(Abimbola et al., 2017), (Mbelwa, 2015).	
	The central government's pressure.	Resource Provider (Coercive Pressure)	
	The Citizen Forum's pressure.	(Abimbola et al., 2017), (Mbelwa, 2015).	
Global Accrual Transformation Pressure (GAT)	IPSAS is an international benchmark for updating the government accounting system.	(Alshujairi, 2014), (Brusca & Martínez, 2016).	Mimetic
	The adoption of accrual accounting (IPSAS) by International governmental organizations inspires the AR.	(Brusca & Martínez, 2016)	
	The initiatives of developing nations' LG	(Amiri & Hamza, 2020)	

	for accrual AR encourage Bangladesh's local government to implement AR.		
Accrual Accounting Reform (AAR)	AR initiatives comply with the demands of international organizations and development aid providers.	(Brusca & Martínez, 2016), (Alshujairi, 2014).	
	AR is necessary to harmonize with international accounting practices.	(Brusca & Martínez, 2016)	
	The AR system provides useful information to users in line with international accounting practices.	(A. Haija et al., 2021), (HIỀN, 2015).	
	AR gives a better financial integrity assurance than cash or modified cash-based accounting.	(Ouda, 2004), (Thi Thanh et al., 2020), (Alshujairi, 2014).	
	Accrual accounting is more effective than cash or modified cash-based accounting in preventing corruption.	(Alshujairi, 2014)	
Transparency, Accountability, and overall Performance (TAP)	AR promotes transparency and accountability of government stakeholders.	(A. Haija et al., 2021), (HIỀN, 2015), (Ouda, 2004), (Alshujairi, 2014).	NPM
	AR improves financial reporting quality (Reliability and comprehensiveness).	(Brusca & Martínez, 2016), (Alshujairi, 2014).	
	AR assists the PS in focusing and obtaining feedback on the actual performance.	(A. Haija et al., 2021)	

	AR boosts the confidence of local and foreign investors.	(A. Haija et al., 2021)	
Comparability (COM)	AR enhances the comparability of financial information among countries.	(Brusca & Martínez, 2016), (Alshujairi, 2014), (Ahmet Ismaili et al., 2021).	NPM
	AR enables governments to provide comparable qualitative data to international governmental organizations.	(Brusca & Martínez, 2016)	
	AR facilitates the consolidation of FS.	(Brusca & Martínez, 2016), (Alshujairi, 2014), (Ahmet Ismaili et al., 2021).	
	AR helps the government compare government units.	(A. Haija et al., 2021)	

4.9 Chapter Summary

The chapter describes the theoretical foundation and conceptual framework of the study. This chapter demonstrated that the absence of a comprehensive theoretical framework for PSA research has been a persistent challenge for researchers. The chapter has shown that approximately 24% of studies employed multiple theories rather than relying on a single theory. Due to the complexity of the PS and the demand for the consideration of various perspectives of the PS, the present study also deployed multiple theoretical lenses, namely, NIS theory, the FMR model of Lüder (2002) based on contingency theory for evaluating the factors influencing IPSAS-based accrual reform, and the NPM philosophy for examining the perceived benefits of IPSAS-based accrual reform in the LG of Bangladesh. The chapter then builds and demonstrates the conceptual model. The details of the questionnaire instrument, along with the sources of questionnaire items, are presented at the end of the chapter.

Chapter 05: Research Methodology

5.1 Introduction

The research methodologies and methods chosen by the researcher to carry out the study are provided in this chapter, concisely. The research philosophy and approach employed were deliberated at the beginning of the chapter. The justification for their application in the current study was also discussed. After that, the chapter specifically addresses the research design and data collection strategy in light of the objectives of the study. The following sections outline the development of the questionnaire instrument and the analysis tools, as well as the techniques of qualitative and quantitative data analysis.

5.2 Research Methodology and Methods

Sometimes, the terms "research methods" and "research methodology" are utilized synonymously. This approach produces a narrow research methodology concept that ignores the researchers' ontological role (Ahrens & Chapman, 2006). The researcher must obtain knowledge of the specific methods and techniques to be applied to different forms of data. At the same time, it is also considering the underlying assumptions of the research. Social scientists often exhibit philosophical paradoxes about research methods and methodology issues (Bryman, 2008b). Therefore, the researcher must distinguish between research methodology and research methods. Research methodology is a systematic approach to addressing research issues. It can be defined as the process of studying the research methods. There, the researcher addresses the steps typically taken to evaluate his research problem and the reasoning behind choosing them (Kothari, 2017).

The term "methods" in research refers to the specific techniques and approaches researchers use to carry out their work effectively. "Methods" refer to the techniques used to acquire data, whereas methodology involves analyzing and evaluating these methods (Bryman, 2008a). The researcher must be familiar with the research methods and techniques, as well as the methodology. The scope of methodology in research is broader than that of research methods. Therefore, when we speak about methodology, we not only have to talk about the research methods but also understand the reasoning behind the techniques we use and clarify why we apply a specific method or technique, and why we do not employ the others, so that research findings can be tested either by the researcher themselves or by others (Kothari, 2017).

Saunders, Lewis, and Thornhill (2009) examined and explored the research process by adopting the analogy of an "onion" with multiple layers. This chapter will focus on the research methodology known as the "onion" process, propagated by Saunders et al. (2009). The research onion is suitable for addressing the current research problem (Katsikas, 2013).

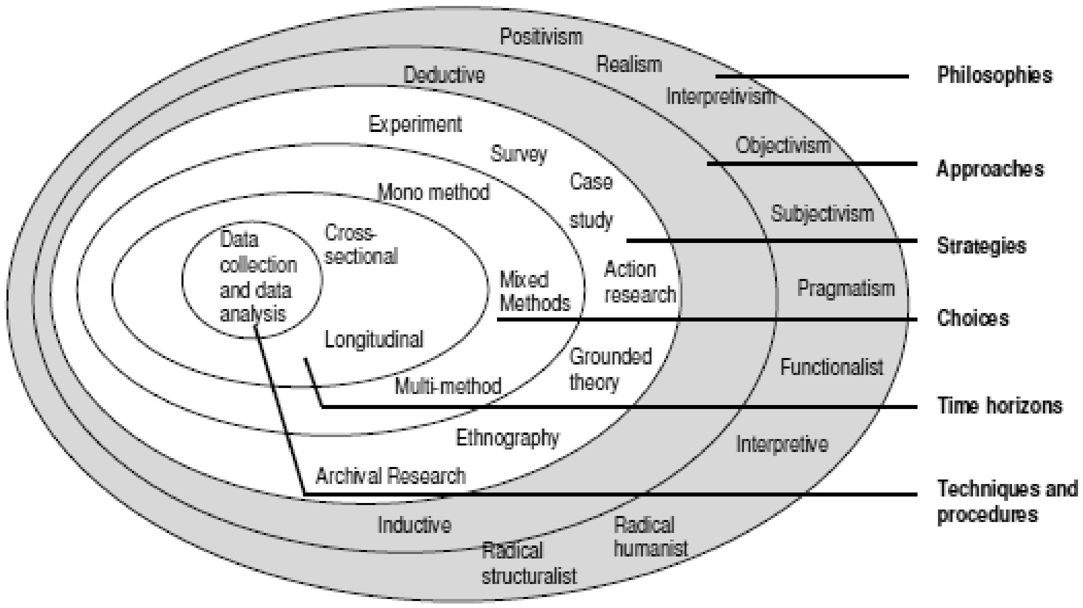


Figure 11: Research Onion (Saunders et al., 2009)

The remainder of this chapter describes the research-specific techniques (research methods) deployed in the study and the general guidelines, philosophies, or reasoning behind the chosen methods, that is, research methodology based on the research onion of Saunders et al. (2009).

5.3 Choice of Research Philosophy

Research philosophy is a prominent concept that relates to the progress and essence of knowledge (Saunders et al., 2009). A research paradigm refers to a systematic approach, framework, or template utilized to conduct the research. It is a gathering of concepts, principles, or interpretations that offer a basis for theories and practices to operate. Creswell (2009) stated that several concerns, including ontological, epistemological, and methodological issues, are linked with philosophical viewpoints.

Ontology:

Ontology is a philosophical theory that examines the fundamental nature of reality. It posits that reality can either exist or not exist. Ontology addresses the question of "What is the nature of existence?" According to this concept, the real activities of the countries regarding accounting reform and the claimed benefits are confusing policymakers and practitioners. Saunders et al. (2009) stressed that researchers in the business and management field have different viewpoints on ontology, that is, objectivism and subjectivism.

Epistemology

Epistemology is the discipline that examines knowledge. It gives a particular emphasis on its validity, scope, and methods of acquisition. Epistemology aims to explore the question. That is, "By what means can we attain knowledge about the nature of reality?". The research endeavor relies on existing literature to ascertain the truth. It identifies gaps in the research and applies various sources of evidence. The present study includes primary data: survey questionnaires and semi-structured interviews. It also incorporates secondary documentary sources to understand the nature of reality. According to Saunders et al. (2009), researchers who focus on "resources and facts" typically adopt a positivist philosophy. Besides, those who focus on "feelings and attitudes" tend to adopt an interpretive philosophy.

Methodology

Methodology involves fundamental principles that guide the study of the social setting and justify the acquired knowledge. The methodological inquiry relates to the approach one should adopt to uncover the truth or find a solution. The current research employed an explanatory sequential mixed-methods approach. This incorporates both quantitative and qualitative data.

Philosophy of Current Research

The predominant philosophical foundation of mixed methods research is Pragmatism. This is typically regarded as incompatible or, at the very least, in conflict with Realism (Allmark & Machaczek, 2018). Pragmatism does not necessitate a specific approach or combination of methods and is not opposed to others. It does not aim to discover immutable causal connections or truths, but rather seeks to examine a specific subject, idea, or phenomenon, or to address a research problem using the most suitable research methodology. Pragmatism serves as a framework for both top-down deductive and inductive approaches (Yvonne Feilzer, 2010). McBeath (2023) states that the mixed-method research design provides a greater possibility for uncovering a thoughtful understanding of life events compared to relying just on qualitative or quantitative research methods. The author highlights the capacity of mixed-method research design to match the pragmatist worldview. Ultimately, pragmatism overcomes the quantitative/qualitative division and resolves the paradigm conflict by suggesting that the most important inquiry is whether the research has facilitated the discovery of what the researcher seeks to discover (Hanson, 2008). *Therefore, the philosophy of the present research is pragmatism.*

5.4 Research Approaches

Research approaches have been characterized into two primary tracks, deductive and inductive. Inductive and deductive reasoning are viewed as separate logical and psychological processes. It is associated with the research philosophies of interpretivism and positivism. The deductive approach emphasized the application of scientific principles and the identification of causal correlations between variables. It involves a systematic progression from theory to data. It focuses on quantitative data and the implementation of controls. Furthermore, it emphasizes the objective measurement of concepts and the use of large and representative samples (Saunders et al., 2009). The inductive research involves the identification of patterns through observation and the formulation of explanations for those patterns via a sequence of propositions (Bernard, 2017). *Both Inductive and deductive reasoning approaches are applied in the present study.* As pragmatism enables the researcher to explore flawlessly between deductive and inductive approaches (Kaushik & Walsh, 2019).

It is more beneficial to employ a range of theories and viewpoints to gain a deeper understanding of how organizations respond to external demands and implement new processes. Pragmatism focuses on the study matter rather than relying on a specific model (Csizmadia, 2006). *Therefore, the triangulation approach is used in the current study.*

5.5 Research Design

A research design integrates the strategy used to investigate a research question and specific measures that improve the credibility of the study. Choosing a suitable research design is crucial for conducting research. It adds significant value to the research (Bashir, Syed, & Qureshi, 2017). The research design involves a comprehensive strategy for addressing the study issues. The huge importance of a precisely organized research design in a study has been repeatedly emphasized by researchers. The research design establishes precise objectives. It defines the necessary resources for data collection. It also provides direction on data collection and analysis. It establishes a connection between theory and research dispute. The present section explores the three layers of the research "onion," specifically focusing on the study design.

To transform the research topic into a research project, the research strategy, research choices, and time horizons are presented and evaluated (Saunders et al., 2009).

5.5.1 Research Strategy

Strategy is defined as a thoughtful plan of action designed to achieve a specific goal. Therefore, a research strategy refers to the planned approach that a researcher will use to address their research issue. Saunder categorizes research strategies into distinct types, such as Survey, case study, action research, Grounded theory, ethnography, experiment, and archival research. *The present study utilized the survey research strategy, considering the present research problem.* This strategy was chosen due to its feasibility in gathering a considerable number of diverse perspectives from various individuals and institutions on similar issues or topics (Mbelwa, 2014).

5.5.2 Research Design Choices

The present section provides an overview of the research design and the justification for its selection. The study was purposefully planned to capitalize on the advantages of both qualitative and quantitative research methods. The reason is to combine the mixed research methods to gain a deeper understanding of the subject matter. Since integrating both quantitative and qualitative approaches can complement each other and produce reliable outcomes (Amaratunga & Baldry, 2002). Accordingly, the present study chose a mixed-method research design. Mixed-method research involves the use of data-gathering techniques and analysis procedures in either a concurrent or sequential manner without merging them. This indicates that quantitative data are analyzed using quantitative methods. Again, qualitative data are analyzed using qualitative methods. Various forms of mixed method designs can be applied in a study: sequential explanatory, sequential exploratory, sequential transformative, concurrent triangulation, Simultaneous nested, and simultaneous transformational approaches (Creswell, Clark, Gutmann, & Hanson, 2003). *The current study employed an explanatory sequential mixed-methods design.* It includes two separate phases (Creswell, 2021; Creswell & Creswell, 2017; Tashakkori & Teddlie, 1998). Specifically, the study followed the design proposed by Creswell (2021). The present study is initiated with a quantitative research approach guided by a thorough examination of existing literature, followed by an explanatory investigation using qualitative methods. Stage 1 of the study involved evaluating the current accounting practice and a questionnaire survey. while Stage 2 included conducting semi-structured, in-depth interviews and key Informant Interviews (KII).

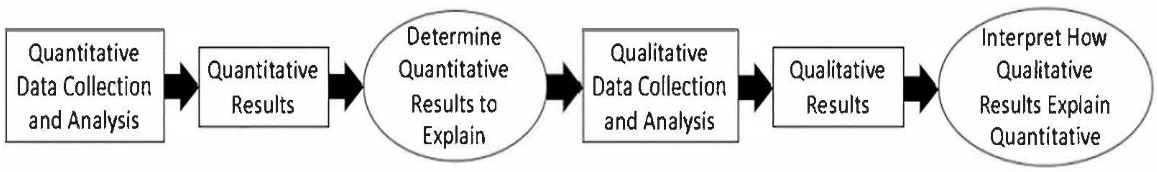


Figure 12: Research Design

5.5.2.1 Explanatory Sequential Mixed Method Research Design

The study utilized an explanatory sequential design, including two phases (Creswell & Clark, 2018). The first phase includes collecting and analyzing quantitative data. It consists of numerical information. Afterward, the qualitative data, which covers textual information, is gathered and analyzed. The second phase intends to provide additional explanation or elaboration on the quantitative results obtained in the first phase (Ivankova & Stick, 2007). The quantitative data in this study were applied to determine the possible influence of definite institutional and contingency factors on accrual reformation in compliance with IPSAS. In addition, how the accrual reforms benefit the LG of Bangladesh is also assessed in this phase. Next, a qualitative method was employed to interpret the explanations behind the significance of specific external and internal factors, as well as the perceived benefits of accrual reform. Therefore, the quantitative data and results gave a broad overview of the research problem, while the qualitative data and its analysis enhanced and clarified those statistical results by delving deeper into the various perspectives of accounting reform in the Bangladeshi local government. In the study, the quantitative data were used to select participants for the second phase of the study and to gather explanations about quantitative findings from the LG accountants and KII, to triangulate and reach robust findings. Thus, the findings from both the quantitative and qualitative phases were combined and triangulated.

The following sub-section begins with examining the primary critiques and rationales for employing a mixed-methods approach. The next part discusses the rationale for utilizing the Explanatory sequential mixed-method research design.

5.5.2.3 Justification for the Chosen Study Design

Mixed methods research has been employed since the 1950s, but it gained formal recognition in the late 1980s and is now being adopted by an expanding community of academics (Creswell et al., 2003; McKim, 2017). In general, no research methodology possesses inherent superiority over any other kind of methodology (Kaplan & Duchon, 1988). The thesis adopts a research strategy that combines two research methods —the quantitative method and the qualitative method, also known as the mixed-methods design. Thus, it is relevant to justify the design employed in the current research. Mixed-method research is regarded as a "new research paradigm" designed to address the limitations of individual research methodologies (Creswell & Creswell, 2017). Adopting a mixed-methods research design, the outcome of one approach — either qualitative or quantitative —can be employed to explain, clarify, and validate the findings of the other.

Another instance is utilizing the mixed approach to expand the scope of research. Moreover, this method can identify and resolve inconsistencies and variations. That could require a reevaluation of the research topics. Furthermore, the unexpected results obtained from one approach can be compared and contrasted with those of the other methods to obtain an acceptable interpretation (Mosbah, 2018). The researchers typically utilize mixed methods to clarify complicated study concepts. Nevertheless, the methodological selection process considers both the balanced philosophical perspective and the probable difficulties that may arise during the methodology selection (Bashir et al., 2017). The justification for combining both forms of data is that neither quantitative nor qualitative methods alone are sufficient to comprehend the patterns and complexities of events fully. When employed in conjunction, quantitative and qualitative methods back one another and offer a more comprehensive depiction of the study issue (Johnson & Turner, 2003; Tashakkori & Teddlie, 1998).

Creswell and Creswell (2017) stated that:

"A mixed method problem may be one in which a need exists to both understand the relationship among variables in a situation and explore the topic in further depth. A mixed methods project may initially seek to explain the relationship between smoking behavior and depression among adolescents, then explore the detailed views of adolescents and display different patterns of smoking and depression."

Thus, utilizing a mixed-method approach generates more comprehensive and inclusive findings, allowing for accurate and reliable inferences (Bashir et al., 2017). It is suitable to use mixed-methods research when the usage of quantitative research or qualitative research alone is inadequate for gaining an understanding of the problem. Furthermore, relying solely on a single method may prove inadequate due to the built-in boundaries of each approach. Quantitative research misses the mark in sufficiently exploring narratives of individuals, interpretations, and subjective viewpoints. In contrast, qualitative research cannot be generalized to a broader population due to an inadequate and limited sample size. It lacks precision in catching the overall sentiment of the wider population. Basically, all research methods have both advantages and disadvantages. Combining the potentials of different methods creates a strong justification for employing mixed methods (Creswell, 2021). Hurmerinta-Peltomäki and Nummela (2006) claimed that the application of mixed approaches boosted the validity of the findings. This method facilitated the collection of a second data source and contributed to the generation of new information. The scholars argued that research studies employing a mixed-methods approach achieve a more comprehensive and in-depth understanding of the phenomenon than studies that rely only on quantitative or qualitative methods. Thus, considering the research questions of the current study and the complex and dynamic environment of the PS, specifically LGs, the mixed-methods research design best fits the study.

The present study chose an Explanatory Sequential Mixed-Methods Research Design, Creswell (2021). According to Hesse-Biber and Johnson (2015), researchers who intentionally incorporate a quantitative component can aid in obtaining precise, relevant issues and concerns they intend to investigate. The quantitative component of the study is designed to provide hypotheses, and then the researchers can further explore them in detail through a qualitative approach. The quantitative research, or Quan, serves the qualitative component, or QUAL. The studies are consecutive, with each subsequent study building upon the findings of the previous one.

The present study employed a sequential explanatory design consisting of two phases, with a primary focus on the quantitative phase. The justification for choosing the Explanatory Sequential Mixed Method Research Design is that the quantitative results will inform the creation of interview questions for the qualitative phase. The results will be connected to gaining a better understanding of the findings from both phases, i.e., complementary (Greene, Caracelli, & Graham, 1989; McKim, 2017). The design is highly useful for triangulation, facilitation, interpretation, generality, puzzle-solving, and the complementary study of different aspects. Thus. The present study adopted a sequential explanatory design. The data were interconnected, and the quantitative phase provided valuable insights for the qualitative phase. This connection occurred in a couple of places. The connection between the quantitative and qualitative phases was established by utilizing the quantitative data to formulate interview questions for key informants and policymakers (McKim, 2017). The second connection refers to the subsequent blending of the qualitative data with the quantitative results. The results were linked to enhance comprehension of the findings from both phases.

5.6 Study Location and Population of the Study

A target population refers to a group of similar elements or things that possess the specific information the researcher is seeking, and from which conclusions are drawn (Malhotra, 2020). The present study was conducted in Bangladesh. To be more precise, it focuses on the Local Government Entities of Bangladesh as the population for secondary data analysis. For primary data (questionnaire survey and interviews), the respondents are officials from the accounting section of the local government of Bangladesh, excluding those from the Union Parishad. The Union Parishad has been excluded from the study because respondents of the present research must have a fundamental understanding of accounting basics, as well as the accrual basis of accounting. However, Union Parishads lack such competent personnel.

The study also includes Key Informant Interviews with academics from universities, donors, local government officials, researchers, policymakers of the local governments, leading accounting professionals (FCA, FCMA), regulators, and administrators from local governments (LGRD, FRC, Ministry of Finance). Therefore, the target population for the questionnaire survey and semi-structured interviews is the accounting personnel of local government offices (City Corporations, Paurashava, Upazila, and Zila Parishad) and the KII from the financial donors of the LGs, the FRC office, the Ministry of Finance, as well as academics, researchers, and practitioners involved with the LG of Bangladesh.

5.7 Nature and Sources of Data

O'Leary (2004) argued that acquiring reliable data is challenging. The researcher also claimed it is crucial to remember that no single data collection method is essentially superior to another. The study applied a mixed-methods research design. It employed both primary and secondary data. The main data sources were *structured questionnaire surveys, semi-structured interviews, documents, and published literature.*

The external data sources encompass written materials published by external entities that provide information about the LGs. These materials were obtained through various media, including newspapers, general periodicals, specialized journals, annual accounts, audit reports, and public records. The direct observation conducted during fieldwork also served as a data source (Aldarmaki, 2013). Secondary data were collected through library works, internet browsing, journal searches, workplace observations, and desk study. Data sources are the annual publications of the selected LGs, National Institute of Local Government (NILG) Library, the Ministry of Finance in Bangladesh, as well as other databases such as Public Financial Management Performance Report of Government of Bangladesh, the Office of the Controller General of Accounts (CGA), the Office of the Comptroller and Auditor General (CAG), FRC office, JICA, C4C Project Office and primarily from the selected LG units of Bangladesh. Primary data, which is *cross-sectional in nature, was collected through a questionnaire survey and semi-structured interviews* from the accounting section personnel of the LGs. In addition, KIIs were collected from the reputed academician, policymakers, and professional accountants.

The collected data was analyzed using various research tools to transform it into output for readers, presented in the form of tables, graphs, figures, and models. These techniques have made the study findings clearer, practical, and more balanced. The specific measures for data collection, sample selection, and data analysis are provided in the following sections.

5.8 Sampling Frame, Methods, and Sample

A sampling frame is a comprehensive list or database that includes all the eligible units or elements of the population being studied. It is used to obtain a representative sample. The selection of the sampling frame, method, and sample is not just a technical decision but a strategic one. This depends on factors such as the nature of the research, research goals, and constraints related to cost and time. The strategic choice directly influences the relevance and applicability of the findings of the study (Acharya, Prakash, Saxena, & Nigam, 2013).

The study employs a complementary approach to data analysis. It applied a combination of primary and secondary data. The data has also been precisely analyzed using a combination of qualitative and quantitative methods. The study incorporates qualitative data to ensure the validity of the quantitative findings. *The study employs multistage random sampling for the first Quantitative Phase.* Multistage sampling is a method of obtaining a sample from a population by subdividing it into gradually smaller groups and then sampling from the last smallest units (Mansoor, Abbasi, Abbasi, Ahmad, & Hwang, 2024). The approach is more suitable for collecting data from a geographically diverse and a large variety of respondents (Kamalu, Niyomwungere, & İlker, 2024). The total population of the study was initially categorized into eight clusters based on eight divisions. Then, three divisions were selected at random. Following that, each cluster was further categorized into four strata: CCs, Paurashava, Zila, and Upazila. The LG units are then randomly chosen from each stratum. This ensures inclusivity and facilitates the data collection process.

According to the design requirements and to increase the credibility of the research, a purposive sampling method was employed in the second qualitative phase (semi-structured interviews with accounting personnel from LG and key informants). Purposive sampling is a type of non-probability sampling technique founded on the judgment of the researcher and purpose. Purposive sampling is appropriate for a researcher when it is necessary to select the sample based on their knowledge of the population, its elements, and their research aims and objectives (Ahmad & Wilkins, 2025). Considering the nature of the current research and the methodologies employed, the researcher believed that purposive sampling should be used to collect interview data to obtain a rich and comprehensive outcome of the study. The main objective of a purposive sample is to produce an example that can be logically assumed to be representative of the population. It is evident from the previous studies that a significant number of researchers in the area of PS accounting have applied nonrandom sampling. Specifically, a purposive sampling technique for qualitative research (Mzenzi, 2013; Susbiyani, Subroto, & Purnomosidhi, 2014).

The literature covers a wide range of perspectives on determining the necessary sample size for various statistical analyses (Hair, Anderson, Tatham, & Black, 1998). Since the population is known, the minimum sample size in the quantitative phase was determined based on the literature and software requirements. For the qualitative Phase, the *Data Saturation Point* was taken as the minimum sample size for determining the total number of interview participants (Squire, Giombi, Rupert, Amoozegar, & Williams, 2024).

5.9 Research Process

The researcher conducted a comprehensive examination of existing literature, theories, laws, regulations, and policies about the PS and LG Institutions. Additionally, the researcher gathered data on the current accounting and reporting practices employed by the LGs of Bangladesh. Also, a comparative presentation with international standards, that is, IPSAS. Afterward, the researcher built a questionnaire instrument based on current literature and theoretical foundations. A pilot study, as well as face validity of the questionnaire instrument, were conducted to confirm the simplicity, comprehensiveness, consistency, validity, reliability, and testability of the questionnaire. It was circulated to the accounting section personnel of the LG office, upon completing face validity and a pilot test. Following the collection of questionnaire responses, the collected data were analyzed *using SEM techniques with SmartPLS software*. Supportive data were then collected through semi-structured interviews with selected accounting personnel of LGs to explain and get a more comprehensive as well as robust understanding of the quantitative results. Besides, Key Informant Interviews (KII) were conducted to gain a thorough understanding of the comprehensive findings on the research issues. Then, the interviews were analyzed via a *thematic narrative analysis*. Next, the study outcomes from various phases were explained through relevant theories. Finally, the triangulation of the findings is made and presented to ensure the robustness of the results of various phases. The conclusions were drawn, and several suggestions and an accrual implementation model for the LG of Bangladesh were provided for the effective adoption of accrual accounting in the LG of Bangladesh.

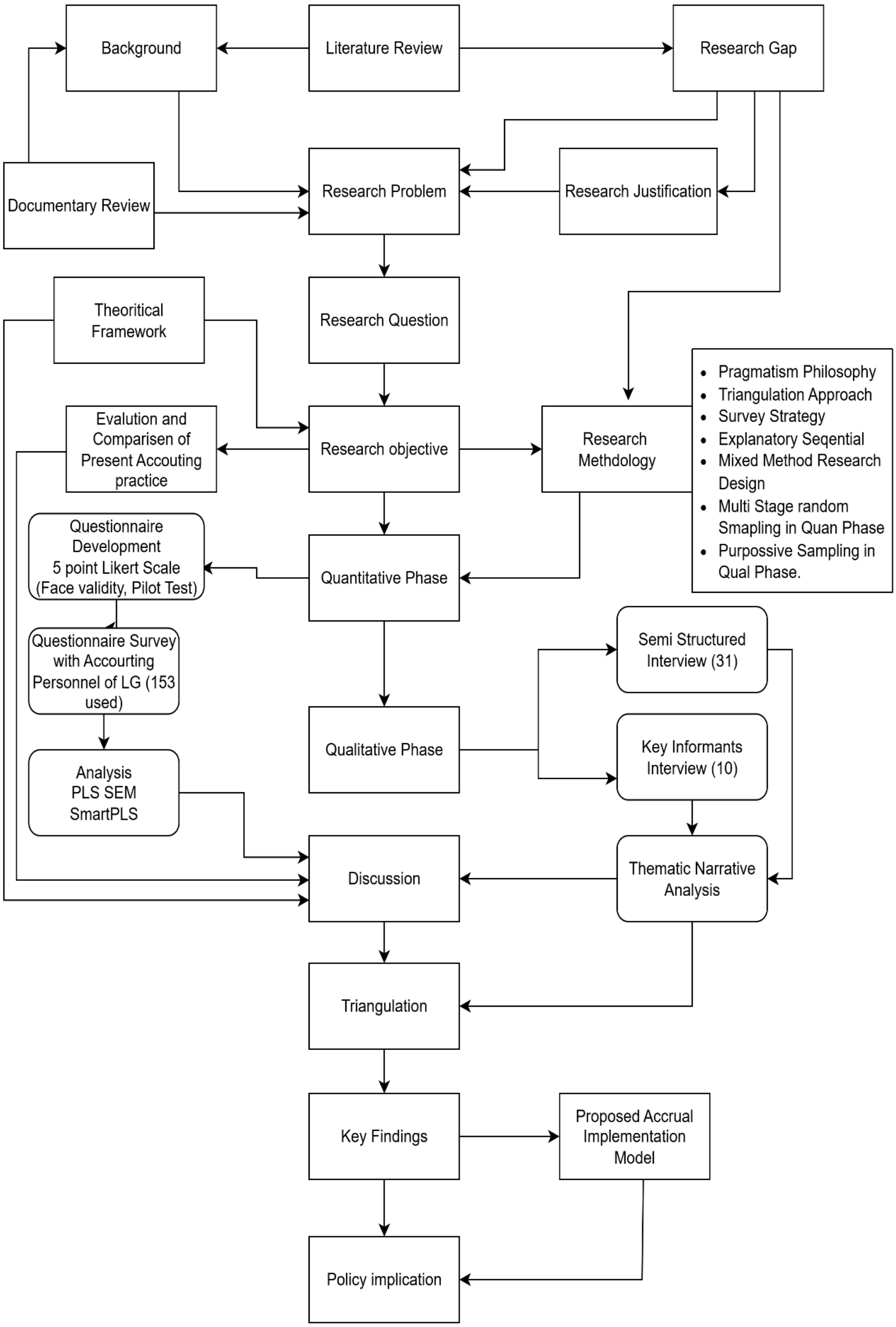


Figure 13: The Research Process

5.10 Research Instrument

Research instruments are tools used by researchers to collect data from various sources. The researcher used a tabulated form, that is, a *checklist form*. The study systematically gathers and documents secondary data. The researcher also thoroughly recorded significant observations in his *diary during the field visit*. Additionally, the researcher developed a *closed-ended questionnaire* and administered it to obtain the necessary primary data. During the interviews, both structured and unstructured questions, that is, semi-structured questions, were asked to acquire a comprehensive explanation and precise interpretation of the quantitative outcomes.

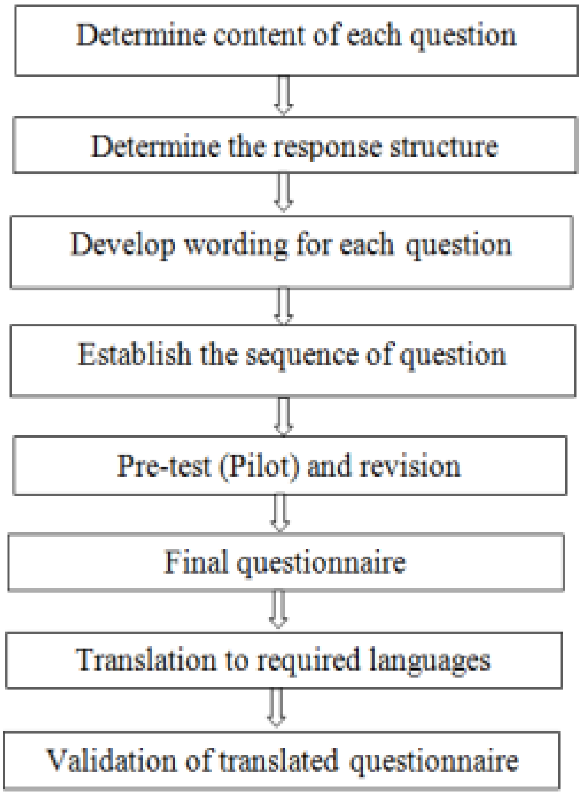
5.11 Phase 1 Quantitative Phase

5.11.1 Development of Questionnaire Instrument and Measures

5.11.1.1 Questionnaire Design

A Questionnaire is a research tool comprising questions designed to collect information about the subject being studied. Respondents' opinions, beliefs, and perceptions regarding specific subjects and variables are collected through deploying a questionnaire (Creswell & Clark, 2011). The study was specifically designed to investigate the participants' perceptions regarding the factors that influence the accrual reform in the LG of Bangladesh and the benefits of such reforms. The questionnaire instrument was prepared to address the second and third research questions of the present study. The questions, elements, or items of each construct have been drawn from established literature, relevant studies, or solid theoretical foundations. Three commonly utilized questionnaire design methodologies include adoption, adaptation, or development. The questionnaire used in the current research was derived from several literary sources and simplified without altering its original intent. Therefore, the questionnaire has been *adapted* to carry out the present study.

5.11.1.2 Questionnaire Development Process



Source: Patel and Joseph (2016)

Figure 14: The Questionnaire Development Process

5.11.1.3 Layout of the questionnaire

- The first section outlines the techniques employed to create a precisely organized questionnaire that addresses the research questions of the study.
- The questionnaire was principally designed to address the second and third research questions of the study.
- The questionnaire included a cover letter. This provided the respondents with relevant details. It encourages them to respond to the survey. The letter explains the objective of the study, the estimated duration for completing the questionnaire, and ensures the respondents that the confidentiality of the collected information will be maintained.
- Questions with similar constructs were grouped. This helps in lessening participant misperception.

- The questionnaire was intentionally designed in a brief manner It used familiar words without compromising its significance to inspire a high response rate from the participants.
- The questions were ordered logically to prevent confusion among the responses. At first, a few demographic questions were asked. Next, the factors influencing the accrual reform in the LG of Bangladesh were inquired. Afterward, the questions related to the anticipated benefits of such reforms were addressed.
- The questions were designed in a simple style, using clear and concise language (In Both Bangla and English) to aid the understanding of the participants.

5.11.2 Questionnaire Data Collection and the Questionnaire Administration Procedure

Questionnaire data were attained from randomly selected accounting personnel from the LG units (City Corporations, Paurashava, Zila, and Upazila Parishads), *utilizing multi-stage random sampling*. Responses to the questionnaire were collected *in person*. Nevertheless, the researcher implemented all necessary precautions to *mitigate the common method bias.*

5.11.3 Translation, Face Validity, and Pilot Test of Questionnaire Instrument

When the supervisor, co-supervisor, and PhD candidate reached a consensus on the contents and final versions of the questionnaire, it was then sent for *face validity assessment.* This was accomplished with the assistance of four accounting discipline experts (Three Professors and One Professional). The face validity, as well as technical issues related to the questionnaire, was also cross-checked by the SEM and Primary data experts.

The questionnaire was primarily constructed in English. Given that Bengali is the official language of Bangladesh, the researcher *translated the questionnaire into Bengali* once it was prepared. Next, to preserve the intended meaning of the original English questions in the Bengali version, the text was forwarded to a *translator* to translate it back into English. The productive criticism from the translator contributed to refining numerous words of the questionnaire. The revisions suggested by the interpreter were considered. Finally, two versions of the questionnaire were made. One in Bengali and one in English were sent to the supervisors for final review. The expertise of the translator was not in accountancy or accounting education; his responsibility was to verify language-related matters.

Conducting a pilot test of the questionnaire before its final administration is crucial to ensure that certain key points related to the relevance of the questionnaire's appearance. A pilot test aids in formatting and clarifying the measurement scale. Therefore, the revised version (after face validity) of the questions was dispatched for a pilot study (Pretest). The participants were selected purposively from the nearby LG units of the researcher. The respondents were instructed to analyze the relevance of the cover letter and the questionnaire. Also, look at other crucial issues, including punctuation, synonyms, formatting, unfamiliar phrases, question content, and comprehensibility. After integrating all the proposed logical changes, the supervisory team recommended the questionnaire for the data collection.

Finally, the questionnaire was administered to collect the data.

5.11.4 The questionnaire administration

Various distribution techniques are available for collecting the questionnaire data, including in-person delivery, emailing the questionnaire, or utilizing online resources. The questionnaire was administered, and responses were collected from the respondents *in person by the researcher himself*. Before administering the questionnaire, the researcher obtained *written permission and a reference letter* from the honorable *CAG*. Then, the researcher meets with the senior authorities of the respective local government units (e.g., CEO / UNO / Secretary/ Elected Political Leaders, etc.) and presents the reference letter issued by the honorable CAG. After obtaining the consent of the respective LGs' higher authorities for data collection, the researcher scheduled appointments with the accounting section personnel of the selected LGs.

5.11.5 Questionnaire Missing Data Issue

The Questionnaires that have significant missing data or are mostly incomplete have been excluded from the analysis. However, the responses with one or two missing questions are included in the analysis. Since the software requires a complete data set without missing cases in those situations, the average or mean of the constructs is given to address the missing data in the questionnaire.

5.11.6 Measures/Operationalization of Constructs (Reflective and Formative)

The present study employed the collection of quantitative information using questionnaire instruments. Data were collected through a questionnaire that utilized a 5-point Likert Scale, where 1 represents "strongly disagree " and 5 represents "strongly agree." Several scales have been devised and employed to assess individuals' opinions on a specific research context. However, the present study employed a 5-point Likert scale, as increasing the scale to seven or nine points does not enhance the reliability of the opinions (Aybek & Toraman, 2022; Elmore & Beggs, 1975). All the questionnaire constructs are reflective.

5.11.7 Measurement of Variables

There are *seven exogenous variables* in the study, namely Qualities and Competencies of Accountants (QCA), Training and Professional Support (TPS), Information and Communication Technology (ICT), Legal Environment (LE), Leadership Commitment (LC), External Institutional pressure (EIP), Global Accrual Transformation (GAT), and *the three Endogenous variables* are Accrual Reform (AR), Transparency, Accountability, and overall Performance (TAP), Comparability (COM).

5.12 Analysis of Questionnaire

Questionnaire responses were physically collected at first. Then organized in an Excel spreadsheet. They were further analyzed using descriptive statistics and PLS-SEM to evaluate the constructs. The researcher applied a range of tests to ensure the validity and reliability of the measurement scale. The current research employed various parametric tests to determine the significance of the hypothesis and assess the fitness of the model.

The study mainly *employs structural equation modeling (SEM)* for data analysis in the quantitative phase. SEM is a multivariate analysis tool that allows the examination of causal relationships between variables using multiple regression analyses. It is a model based on statistics that employs a confirmatory approach. That is, hypothesis testing, for explaining the structural relationships among factors (Hair, Black, Babin, Anderson, & Tatham, 2009). An advantage of Structural Equation Modeling (SEM) is its capacity to create latent variables or constructs that cannot be directly measured. However, it can be determined using measured variables. That enables associating several measures with a single underlying construct (Brusca & Martínez, 2016).

SEM integrates the structural model with the measurement model. The first assessment determines the extent to which the observable variables effectively represent the underlying latent variables, while the second evaluation focuses solely on the associations among the latent variables. An advantageous feature of SEM is that, within the model, a construct can function as both a dependent and an independent variable (Brusca & Martínez, 2016). SEM was employed in the present study because the model being tested incorporates numerous latent variables, and there is a necessity to understand the inclusive complex context of the PSA. The multiple least-squares regression method would not have been suitable for this purpose (Mbelwa, 2014). There have been a few attempts in PSA studies to employ Structural Equation Modeling (SEM) since its introduction (Brusca & Martínez, 2016; Doan et al., 2020; Mbelwa, 2014; Mssusa, Chalu, & Shayo-Temu, 2020; Thi Thanh et al., 2020).

5.12.1 Descriptive Statistics

Descriptive statistics is a method of statistical analysis used to analyze and summarize acquired data, presenting information such as frequency and percentage distributions, and much more. Descriptive statistics provide a summary of a particular dataset, representing either the entire population or a specific sample, by using measures of central tendency and variability (Kaur, Stoltzfus, & Yellapu, 2018). In the study, it is typically used to present demographic information from the survey and other information from the questionnaire apart from the construct items.

5.12.2 PLS-SEM

The researcher employed PLS-SEM for questionnaire data analysis, utilizing the SmartPLS 4.1.0.3 (version) Software. The application of PLS-SEM has grown significantly across several domains because of its capacity to handle complicated models, flexibility in assumptions and sample size, strong statistical power, and dependable prediction of features (Hair, Risher, Sarstedt, & Ringle, 2019).

5.12.3 Measurement Model Analysis

Reliability

Reliability refers to the degree of consistency with which a research approach measures a certain phenomenon. If the same outcome can be consistently achieved under the same conditions and approach, the scale is deemed reliable. Inadequate question organization, respondent inefficiency, carelessness, and other factors can reduce reliability. Consequently, researchers must evaluate the reliability of the instruments. For the analysis of reliability, the researcher employed *Common Method Bias (CMB)* checks through SPSS software and literature. Further, cronbach's alpha, factor loading, and composite reliability were evaluated using SmartPLS software to check the reliability of the questionnaire.

Common Method Bias (CMB):

The existence of common method bias (CMB) can be detected when the connection between measured variables is influenced. To avoid this, leading questions were ignored. Besides, their responses' confidentiality was also ensured. Again, replies were collected in different periods to avoid and mitigate common method bias. To ensure that the study is within the acceptable limits of the common method bias, the study used "Harman's single-factor" test with the SPSS software (Kock, Berbekova, & Assaf, 2021).'

Factor Loading:

Factor loading measures the extent to which an item accurately represents the underlying variable or construct. A factor loading value above 0.7 implies that an item faithfully reflects the construct, which is considered acceptable in the study (Hanafiah, 2020; Ramayah, Cheah, Chuah, Ting, & Memon, 2018).

Composite reliability and Cronbach's Alpha

Composite reliability has also been employed as a measure of construct reliability. It aids the researcher in assessing the internal consistency between scale components or items. High-level score refers to a quality that implies that all things are consistently measured using a similar construct. It is a technique used to measure internal uniformity. Multiple items are present within a construct, and Cronbach's alpha measures the degree to which these components are organized to represent a construct or a group effectively. A high rating implies more consistency and reliability.

Validity:

Validity refers to the extent to which the findings of the study accurately and effectively represent the viewpoints of its participants. This allows for generalization. Confirming validity requires assessing both convergent and discriminant validity. Before performing structural model analysis, we must carry out an analysis of construct validity, which involves assessing both convergent and discriminant validity. It is particularly important for the study, as many variables measure a specific construct. Convergent and discriminant validity demand a strong correlation between variables measuring a specific construct. At the same time, it also has a weaker correlation with variables measuring other constructs. This aims to confirm that the variables precisely reflect the intended theoretical concepts (Hair et al., 2009; Mbelwa, 2014). The convergent validity has been determined by calculating the average variance extracted (AVE) using a test of the estimation construct.

The term "AVE" means the average variance that may be explained by a latent variable for a set of observed variables. Achieving an Average Variance Extracted (AVE) value of 0.5 or higher indicates that many observable variables representing underlying latent variables are in agreement (Hair et al., 2009).

Discriminant validity means to the process of ensuring the individuality of each construct within the structural model. Discriminant validity has been assessed by comparing the square root of the average variance extracted (AVE) for two constructs with the correlation estimates between those constructs. If the square root of the average variance extracted (AVE) for every construct is larger than the correlation between the two constructs, then the discriminant validity is confirmed (Hair et al., 2009). It can be analyzed through the Fornell-Larcker criterion (FLC), Cross Loading, and Heterotrait-Monotrait ratio (HTMT) matrix, etc.

Test of multi-collinearity:

Multi-collinearity refers to the correlation between the constructs or within the construct items. The correlation between the constructs or construct items may vary. It can be either high or low. If a strong correlation exists between the constructs, it has challenges in explaining the associative relationship between them. An analysis of the *Variance Inflation Factor (VIF)* is considered a reliable method for assessing the strength of multicollinearity in deciding the quality of multiple regression.

5.12.4 Structural Model Analysis

To analyze the structural model, the study considers the following:

Model Evaluation: R^2, Adjusted R^2
Model Fitness: NFI, SRMR
Path Analysis/ Hypothesis Test: P value, T value.

PLS-SEM was developed as a predictive methodology similar to multiple regression analysis. However, evaluations of the effectiveness of the model have been undertaken in recent years. The metrics encompass the goodness-of-fit index (GoF) and the standardized root mean square residual (SRMR). Advocates of model-fit indices recommend caution in setting cut-off values for detecting structural model misfit. Given the variability in their effectiveness in finding misspecification within the PLS-SEM framework. R^2 values of 0 to 0.10, 0.11 to 0.30, 0.31 to 0.50, and above 0.50 indicate poor, modest, moderate, and strong explanatory power, respectively (Hair & Alamer, 2022). Henseler (2017) proposed that SRMR values below .10 may be regarded as an acceptable fit index. A Normative Fit Index (NFI) of .90 is generally expected. However, NFI values above .50 are acceptable in contemporary exploratory research (Schuberth, Rademaker, & Henseler, 2023).

5.12.5 Robustness

The study employed a mixed-methods research design. Therefore, validates the robustness of the quantitative findings through interviews and key informant interviews (KII).

5.13 Phase 2 Qualitative Phase- A. Documentary Review

5.13.1. Documentary Sources

Various documentary sources were pulled from the respective administrative laws, rules, and regulations of the LG, financial norms and guidelines, financial reports, accounts books, audited accounts, and from the circulars of the LGRD ministry. The study also reviewed LGRD manuals, reports, DDLG reports, Commissioner's office reports, and policy materials. The website of the LGRD ministry, as well as the National Institute of Local Government (NILG) library and selected LG units, provides supplementary and complementary data. NILG, C4C Project Office, JICA, and OCAG also backed essential and relevant documents for the study. In addition, the researcher obtained important documents from the FRC. The researcher rigorously cross-referenced and contrasted all the documented information with the interview data to attain the study objectives.

5.13.2 Semi-structured Interview

The interview method is a systematic and logical approach to deliberating and paying attention to respondents to gather primary facts. There are numerous justifications for favoring interviews as a research tool over other methods. The four forms of interviews include structured, semi-structured, unstructured, and non-directive (Saunders et al., 2009). The present research conducted semi-structured interviews with the study participants. Semi-structured interviews are commonly employed in qualitative research, particularly when the researcher is not focused on testing propositions. An interviewer follows a checklist of required questions with several topics and ideas. The interviewer has the flexibility to rearrange the order of the questions based on the circumstances, following the progression of the interview. The interviewer also has the choice of employing the interview guide. Researchers may also query about other relevant information informally (Saunders, Lewis, & Thornhill, 2003).

Therefore, a semi-structured interview enables the interviewer to examine the provided circumstances thoroughly. Additionally, if respondents do not understand specific questions, the researcher can reword them to ensure clarity. Based on the understanding of the researcher, a semi-structured interview is suitable for this research. The method is suitable in current research because it allows the interviewer to modify the order of the questions based on the circumstances. Thus, it facilitates a thorough understanding of the accounting practices of the LGs. Moreover, during the semi-structured interview, the researcher has the autonomy to choose questions from the provided list. Besides, researchers can informally gather additional data that is not explicitly specified in the questions (Aldarmaki, 2013; Saunders et al., 2003).

5.13.3 Interview Data Management

A total of 31 interviews were conducted with LG accounting officials. In addition, 10 key informant interviews were carried out. These interviews were digitally recorded and then transcribed in English. The transcriptions were then transferred to a worksheet for more analysis. The written interviews and observation notes were also transcribed into a spreadsheet for theme building. In addition to theme building, the translated spreadsheet data was used for various data tasks, which included direct quoting, rating, summarizing, connecting, charting, and theme development. The worksheet simplified secure data storage, streamlined data retrieval, and simplified the data management process.

5.13.4 Interview Data Analysis

Interview data were analyzed using a qualitative research method, namely, *thematic narrative analysis. In addition, theoretical analyses were also carried out*. The raw data, including semi-structured interviews, were analyzed by thematic narrative analysis. It is a type of qualitative analysis. Thematic narrative analysis is a qualitative approach to analyzing themes within narratives. This expands the understanding of how humans give meaning to their experiences. The elements of thematic analysis, which emphasize patterns within data, are combined with narrative analysis. This examines the structure and significance of individual narratives (Ahmed et al., 2025; Hunter, 2010; McAllum, Fox, Simpson, & Unson, 2019; Ronkainen, Watkins, & Ryba, 2016).

5.13.5 Ensuring Validity and Reliability

The present study adopted several actions to ensure the validity and reliability of the research findings. The researcher made the interview process more manageable by establishing a personal relationship with interview participants while avoiding bias. This facilitated access to additional information.

Moreover, the study has employed quotations as evidence to support the given findings. Additionally, the first quantitative outcome of this study was shared during the following stage of data collection (Mzenzi, 2013). The present study applied both quantitative and qualitative data to improve the quality of the information.

Furthermore, the application of various data sources, such as interviews, observation, and documents, facilitated the thorough comparison of information and strengthened the achievement of 'theoretical sufficiency' in this research (Dey, 1999).

Cross-sectional surveys and interviews were employed in the study. The validity and reliability were achieved by making repeated inquiries to other interviewees affiliated with the same LG and Key informants. The responses of the LG officials were thoroughly scrutinized to confirm consistency and identify any discrepancies. Moreover, particular attention was given to investigating the potential consequences of these responses. This improved the validity of the study and facilitated the identification of patterns used in connecting with the theory (Mzenzi, 2013).

5.14 Data Triangulation and Methodological Triangulation

Triangulation in research refers to the process of integrating and combining many sources of data, approaches, and viewpoints to examine a specific topic. The aim is to validate the findings obtained from the data. Triangulation establishes a combined understanding. Various methods have been employed in the data-gathering process. These include an initial literature review and a review of official documents. This offers valuable content data. Moreover, a structured questionnaire survey was administered to collect quantitative data. Finally, semi-structured interviews were carried out to obtain qualitative data. The findings from the examination of the literature content were highly valuable in creating the questionnaire that was used in the empirical investigation. The findings obtained from the survey were then employed to shape the semi-structured questions utilized during the interviews. Additionally, key informant interviews validated the findings from the previous phase and also provided more valuable insights into the issues. In the end, the conclusions derived from each stage of investigations were combined to ensure their validity and the consistency of the overall outcomes during the interpretation step.

5.15 Ethical Consideration

The present study covered significant ethical concerns in all facets of the study. In both the quantitative and qualitative phases, the researchers obtained authorization from the relevant authorities to allow participants to participate freely. In this regard, for collecting questionnaire responses and interviews from the local government office staff, first, general consent was obtained from the Honorable Controller and Auditor General (CAG) of Bangladesh by submitting a forwarding letter from the supervisor. And then both letters with the invitation letter were duly presented to the Chief Executives/Secretaries of the selected LG offices. The key informants' consent to participate in the interview was obtained in person. No form of compulsion or monetary incentives was employed to compel or tempt persons to participate in this study.

The potential research participants were thoroughly briefed on the research purposes during the questionnaire response or interview. A brief research overview was given to all the participants before administering the structured or semi-structured questionnaire. The scheduling of the questionnaire survey and interviews was determined by the respondents through face-to-face meetings, texting on WhatsApp, email, or phone calls. Every effort was made to minimize distractions to their professional or personal commitments. Before the questionnaire survey and interview, a confidentiality statement was issued to the participants. The objectives of the interviews were emphasized during the meetings, and prior permission for recording was obtained for each interview. Consent to record the interview and utilize their perceptions, or to directly cite them by name during the thesis drafting, was taken before the recording period. However, the researcher did not cite any quotations by name at the time of writing the thesis.

In this thesis, all individuals interviewed or selected LGs have been cited by their institution name and post, Such as an accountant of the Paurashava. except for the key informant. The Key informants were cited directly by their respective professions and affiliations in the thesis. However, the researcher understands the importance of confidentiality and the value of their opinions. The primary ethical concern during interviews or surveys is ensuring that the person being interviewed/surveyed is not subjected to harm or loss. The researcher intentionally chose not to give any information or cite anyone directly by name that could potentially damage the reputations of the organizations or the respondents throughout the thesis. The researcher complies with the fundamental norms of the interview as specified by David E. Gray (2018). This includes maintaining the confidentiality of the interviewee. If an interviewee felt disturbed, the interview was terminated. The researcher never pressures an interviewee to provide a certain response if they are unwilling to do so. Additionally, the researcher provided the interviewee with details regarding the date of the interview, time, and location, and explained the method of the interview. Additionally, the interviewer offered assistance or guidance to the interviewee in case they came across any ambiguity when answering any question or responding to the questionnaire. The researcher personally gathered all necessary primary and secondary data from the chosen institutions or individuals to uphold the ethical obligations. Afterward, the researcher tabulated and analyzed the data by himself. Therefore, the researcher ensured that ethical issues were upheld in all facets of the study.

5.16 Chapter Summary

The chapter provided the methods of the present study and the rationale for their selection. The research adopted pragmatism as its philosophical paradigm. The study employed both inductive and deductive approaches. The research applied survey methodologies as its primary strategy and utilized a sequential explanatory mixed-methods design. During the quantitative phase, data were collected using a 5-point questionnaire and analyzed with SmartPLS. The study confirms both validity and reliability. Afterward, qualitative data were gathered via semi-structured interview forms from LG's accountants, together with Key Informant Interviews (KII). The collected data were analyzed with thematic narrative analysis and theoretical analysis tools. Finally, to verify the robustness of the findings, the triangulation approaches were discussed in this chapter.

Chapter 06: Analysis and Discussion

6.0 Introduction

The current study employed an explanatory sequential mixed-methods data analysis approach. The study begins with a quantitative phase and is followed by a qualitative phase. In the quantitative phase, the study employed Partial Least Squares Path Modeling (PLS-PM). Which is a variance-based SEM technique (Hair et al., 2019). The validity and reliability of the measurement model are evaluated in the first phase of the structural equation modeling (SEM) analysis. The measurement model analysis primarily examines the relationships between observed variables and their corresponding latent constructs (Dash & Paul, 2021). The resilience measurement of the model was assessed using factor loadings, composite reliability, and average variance extracted (AVE) techniques. Initially, the study validated the precision of the measurement model. Then, the analysis proceeded to the structural model phase. This stage involved analyzing the relationships between latent variables to validate the proposed hypotheses (Rahman & Hossain, 2025). Interviews with purposely selected respondents who had completed the questionnaire and the key informant interview were analyzed using a thematic narrative qualitative data analysis approach in the qualitative phase. The KII details and the responses from their interviews are also examined in the light of the theories. The cross-validation of quantitative data with qualitative information ensures the robustness of the research findings. In addition, the triangulation of the research findings has been carried out to ensure the robustness of the study.

6.1 Quantitative Analysis

The quantitative section begins with the Data Preparation, Screening, Response Rate, and Missing Data treatment. Then, the demographic information of the questionnaire respondents is presented in a summarized manner. Next, the common method bias is addressed in the study. Following this, the conceptual research model was presented, accompanied by a detailed analysis of the measurement and structural models, which was conducted in accordance with a standard protocol. Then, the hypothesis was tested, and the findings were presented with suitable references.

6.1.1 Data Preparation, Screening, Response Rate, and Missing Data Analysis

A total of 158 responses have been obtained. Five questionnaire responses were excluded from the analysis because three respondents provided considerably inadequate answers, and two others exhibited disengagement by responding similarly to all questions. The remaining 153 responders provided nearly all responses, except for two instances. These two items have been replaced by the mean within the construct.

6.1.2 Demographic Profile of the Respondents

Table 18: Demographic Profile of the Respondents

Designation	**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
Zila Parishad	24	15.69	15.69	15.69
City Corporation	21	13.73	13.73	29.42
Upazila Parishad	53	34.64	34.64	64.06
Paurashava	55	35.94	35.94	100.0
Total	**153**	100.0	100.0	
Urban	76	49.67	49.67	49.67
Rural	77	50.33	50.33	100.00
Total	**153**	100	100	
Designation	**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
Account Assistant	2	1.3	1.3	1.3
Accountant	65	42.5	42.5	43.8
Accounts and Audit Officer	4	2.6	2.6	46.4
Accounts Officer	17	11.1	11.1	57.5
Accounts Officer & Chief Revenue Officer	1	.7	.7	58.2
Additional CAO	1	.7	.7	58.8
Assistant Accountant	1	.7	.7	59.5
Assistant Admin Officer	1	.7	.7	60.1
Budget Officer	2	1.3	1.3	61.4
CA	16	10.5	10.5	71.9
Chief Accounts Officer	4	2.6	2.6	74.5
Chief Assistant	1	.7	.7	75.2
Deputy Chief Account Officer	1	.7	.7	75.8
Shatmudrakharik	37	24.	24.2	100.0
Total	153	100.0	100.0	
Education	**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
Bachelor	78	51.0	51.0	51.0
Masters	74	48.4	48.4	99.3
Doctoral	0	0	0	99.3

Professional degree	1	.7	.7	100
Others	0	0	0	100
Total	**153**	**100.0**	**100.0**	100
Experience	**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
0 - less than 5	19	12.4	12.4	12.4
5 - less than 10	38	24.8	24.8	37.3
10 - less than 15	61	39.9	39.9	77.1
15 - less than 20	18	11.8	11.8	88.9
Above 20	17	11.1	11.1	100.0
Total	**153**	**100.0**	**100.0**	

6.1.3 Common Method Bias

Due to the nature of the research, it is evident that the candidate should collect the response in person. However, data derived from a self-reported questionnaire is at risk of common method bias (CMB) (Rahman & Hossain, 2025). To minimize this, leading questions were ignored to prevent response bias. Again, the respondents' responses were collected, and confidentiality was maintained. They were assured that their responses would remain anonymous. Again, the responses were gathered at various periods. To mitigate Common method bias, the study also employed "Harman’s single-factor" method and statistical corrective techniques to evaluate the reliability and validity of the relationships and constructs (Kock et al., 2021). Analysis of "Harman’s single-factor" method revealed that a solitary component represented 28.47 % of the total variance, falling short of the 50% threshold set by (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). Thus, the common method bias issues are taken into consideration, and adequate measures were taken to minimize them.

6.1.4 Research Model

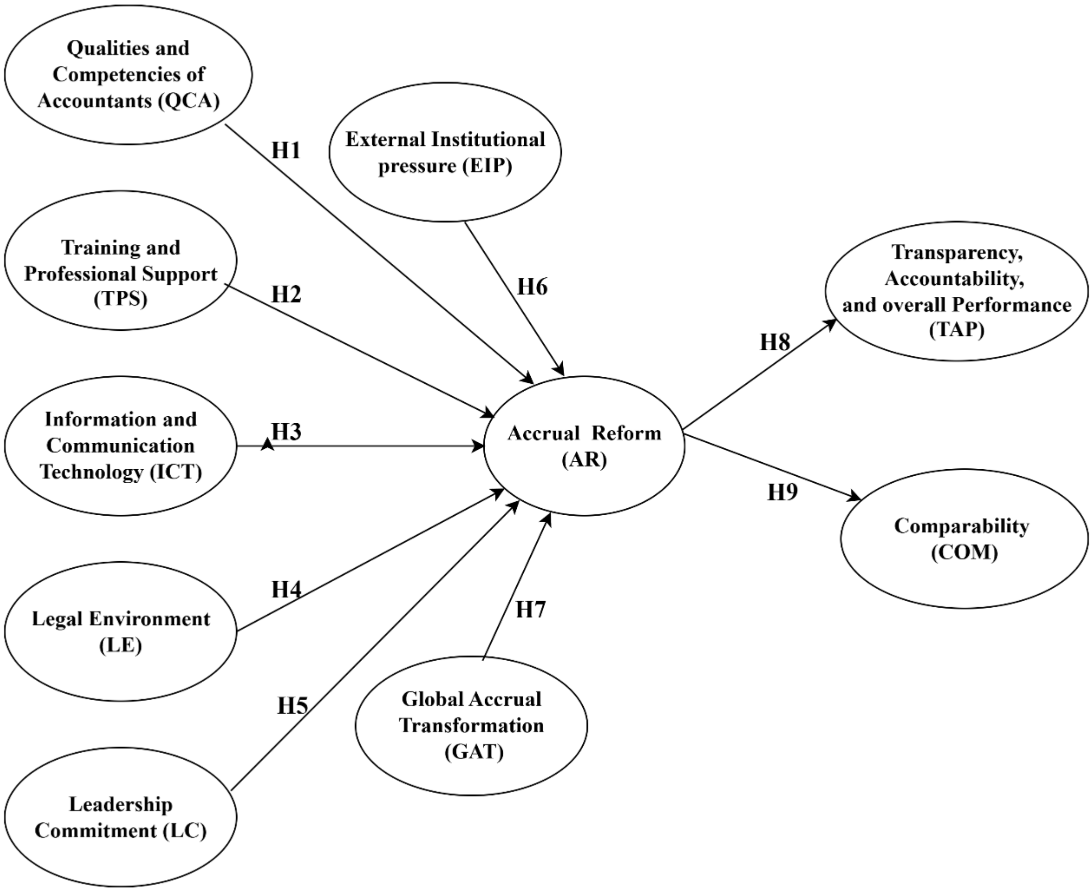


Figure 15: Research Model

Where **Exogenous variables (7)** are Qualities and Competencies of Accountants (QCA), Training and Professional Support (TPS), Information and Communication Technology (ICT), Legal Environment (LE), Leadership Commitment (LC), External Institutional pressure (EIP), Global Accrual Transformation (GAT), and **Endogenous variables (3)** are Accrual Accounting Reform (AAR), Transparency, Accountability, and overall Performance (TAP), Comparability (COM).

6.1.5 The Measurement Model

In this section, Confirmatory Factor Analysis (CFA) is employed to assess whether sets of measures effectively represent a specific scale (Hair, Sarstedt, Matthews, & Ringle, 2016). Given that the items have undergone pre-validation through the pilot study, it is also crucial to determine the validity and reliability of the measurement model before establishing the research's structural model. The validity and reliability of the construct items are confirmed by the evaluation of the measurement model.

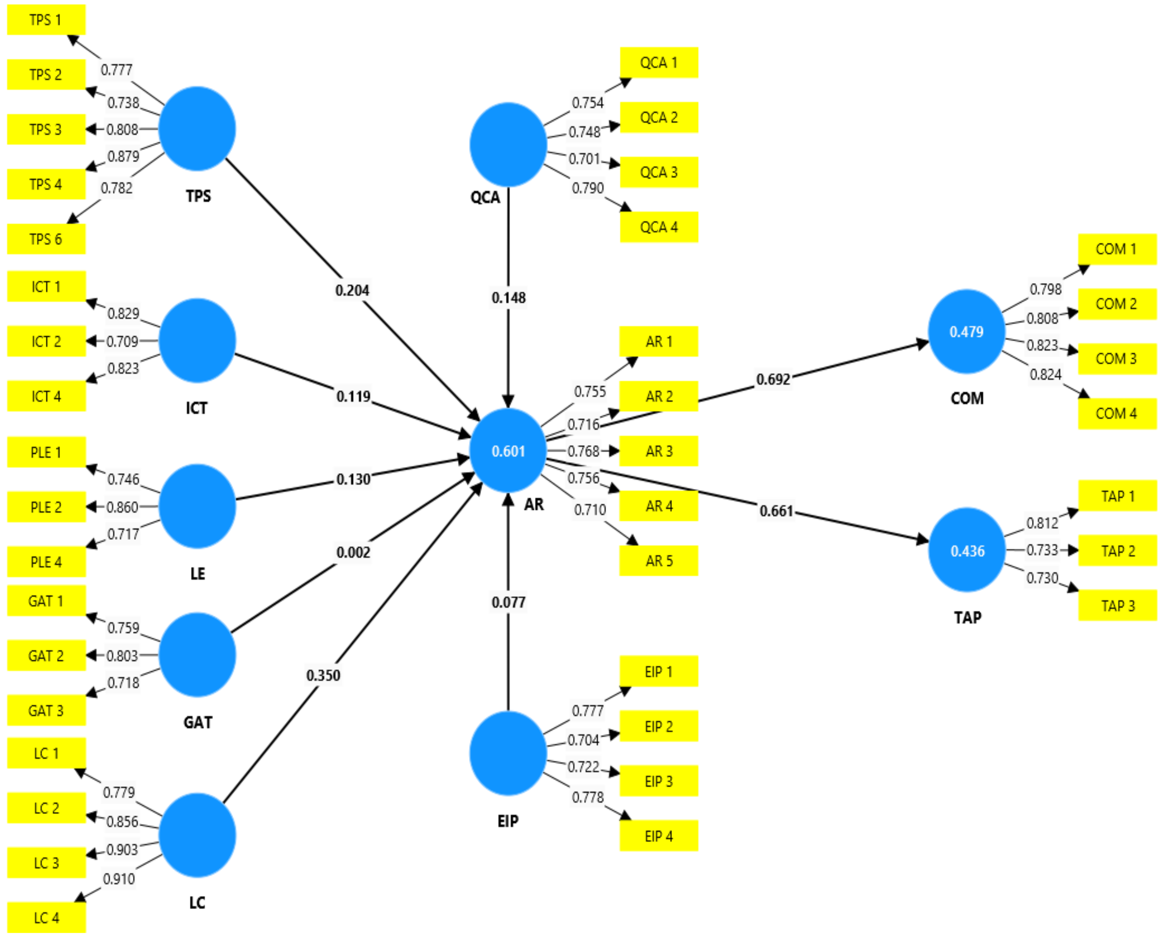


Figure 16: The Measurement Model

6.1.5.1 Validity and Reliability

Convergent validity was assessed using factor loading, average variance extracted (AVE), and composite reliability. Discriminant validity was assessed using the Fornell-Larcker criterion, cross-loadings, and the heterotrait-monotrait ratio (HTMT) matrix. Cronbach's alpha and composite reliability test were employed to assess reliability. The results are provided below:

Table 19: Convergent Validity and Reliability

Constructs	Items	Outer Loading >0.70	Cronbach's alpha >0.60	Composite Reliability (rho_c) >0.70	AVE >0.50
	QCA 1	0.754	0.741	0.836	0.561
	QCA 2	0.748			

Qualities and Competencies of Accountants (QCA)	QCA 3	0.701			
	QCA 4	0.790			
Training & Professional Support (TPS)	TPS 1	0.777	0.857	0.897	0.637
	TPS 2	0.738			
	TPS 3	0.808			
	TPS 4	0.878			
	TPS 5	Dropped			
	TPS 6	0.782			
Level of Information and Communication Technology (ICT)	ICT 1	0.829	0.713	0.831	0.622
	ICT 2	0.709			
	ICT 3	Dropped			
	ICT 4	0.823			
Legal Environment (LE)	LE 1	0.746	0.686	0.819	0.603
	LE 2	0.860			
	LE 3	Dropped			
	LE 4	0.717			
Leadership Commitment (LC)	LC 1	0.779	0.885	0.921	0.746
	LC 2	0.856			
	LC 3	0.903			
	LC 4	0.910			
	LC 5	Dropped			
External Institutional pressure (EIP)	EIP 1	0.777	0.735	0.834	0.557
	EIP 2	0.704			
	EIP 3	0.722			
	EIP 4	0.778			
Global Accrual Transformation (GAT)	GAT 1	0.759	0.643	0.805	0.579
	GAT 2	0.803			
	GAT 3	0.718			
Accrual Reform (AR)	AAR 1	0.755	0.795	0.859	0.549
	AAR 2	0.716			
	AAR 3	0.768			

	AAR 4	0.756			
	AAR 5	0.710			
Transparency, Accountability, and Overall Performance (TAP)	TAP 1	0.812	0.633	0.803	0.576
	TAP 2	0.733			
	TAP 3	0.730			
	TAP 4	Dropped			
Comparability (COM)	COM 1	0.798	0.829	0.886	0.661
	COM 2	0.808			
	COM 3	0.823			
	COM 4	0.824			

Interpretations: Ramayah et al. (2018) stated that A loading of 0.708, loading values of 0.7, 0.6, 0.5, or 0.4 are sufficient, provided that other items exhibit greater loading scores for better AVE and CR. Also advised, composite Reliability beyond 0.70-0.60 is deemed satisfactory, while Average Variance Extracted exceeding 0.50 is acceptable (Hanafiah, 2020). Therefore, five items TPS 5, ICT 3, LE 3, LC 5, TAP 4 are dropped because of lower loadings that are less than .70. After dropping these five items, the Internal Consistency, Indicator Reliability/Factor Loadings, and Convergent Validity of the study's measurement model reach the established threshold criteria.

Table 20: Discriminant Validity (Fornell-Larcker criterion)

Cons.	**AR**	**COM**	**EIP**	**GAT**	**ICT**	**LC**	**LE**	**QCA**	**TAP**	**TPS**
AR	0.741									
COM	0.692	0.813								
EIP	0.417	0.354	0.746							
GAT	0.288	0.361	0.465	0.761						
ICT	0.544	0.468	0.271	0.205	0.789					
LC	0.681	0.564	0.469	0.371	0.505	0.863				
LE	0.553	0.431	0.278	0.151	0.395	0.584	0.777			
QCA	0.561	0.444	0.248	0.269	0.598	0.514	0.446	0.749		
TAP	0.661	0.635	0.225	0.379	0.490	0.632	0.476	0.452	0.759	
TPS	0.537	0.343	0.341	0.181	0.425	0.403	0.410	0.411	0.397	0.798

Table 21: Discriminant Validity (Cross-loading)

Cons.	AR	COM	EIP	GAT	ICT	LC	LE	QCA	TAP	TPS
AR 1	**0.755**	0.530	0.383	0.176	0.379	0.566	0.451	0.385	0.571	0.398
AR 2	**0.716**	0.521	0.236	0.294	0.421	0.496	0.349	0.524	0.507	0.374
AR 3	**0.768**	0.560	0.274	0.251	0.458	0.591	0.512	0.392	0.491	0.362
AR 4	**0.756**	0.466	0.297	0.222	0.320	0.462	0.385	0.432	0.527	0.446
AR 5	**0.710**	0.483	0.363	0.110	0.444	0.385	0.333	0.341	0.326	0.419
COM 1	0.598	**0.798**	0.208	0.295	0.423	0.435	0.339	0.392	0.557	0.228
COM 2	0.525	**0.808**	0.291	0.236	0.344	0.483	0.313	0.288	0.524	0.194
COM 3	0.558	**0.823**	0.408	0.340	0.393	0.476	0.377	0.405	0.515	0.375
COM 4	0.565	**0.824**	0.251	0.300	0.357	0.444	0.371	0.351	0.467	0.319
EIP 1	0.289	0.280	**0.777**	0.484	0.211	0.371	0.326	0.201	0.199	0.148
EIP 2	0.295	0.314	**0.704**	0.416	0.108	0.420	0.181	0.198	0.317	0.152
EIP 3	0.279	0.236	**0.722**	0.323	0.302	0.351	0.234	0.213	0.141	0.222
EIP 4	0.368	0.235	**0.778**	0.205	0.195	0.278	0.117	0.143	0.043	0.446
GAT 1	0.255	0.341	0.411	**0.759**	0.183	0.387	0.250	0.251	0.329	0.218
GAT 2	0.161	0.325	0.349	**0.803**	0.146	0.220	-0.010	0.170	0.282	0.065
GAT 3	0.217	0.154	0.284	**0.718**	0.129	0.201	0.047	0.172	0.240	0.095
ICT 1	0.448	0.374	0.190	0.231	**0.829**	0.394	0.264	0.482	0.484	0.411
ICT 2	0.241	0.196	-0.020	0.081	**0.709**	0.257	0.195	0.403	0.425	0.200
ICT 4	0.518	0.460	0.350	0.146	**0.823**	0.484	0.418	0.513	0.300	0.346
LC 1	0.562	0.459	0.367	0.380	0.552	**0.779**	0.396	0.569	0.651	0.393
LC 2	0.610	0.513	0.413	0.290	0.422	**0.856**	0.519	0.369	0.552	0.309
LC 3	0.546	0.464	0.400	0.283	0.371	**0.903**	0.526	0.406	0.450	0.311
LC 4	0.626	0.506	0.435	0.328	0.402	**0.910**	0.566	0.435	0.526	0.378
PLE 1	0.351	0.292	0.181	0.149	0.308	0.435	**0.746**	0.331	0.366	0.302
PLE 2	0.562	0.394	0.259	0.141	0.411	0.560	**0.860**	0.440	0.464	0.398
PLE 4	0.310	0.300	0.193	0.046	0.137	0.314	**0.717**	0.220	0.230	0.215
QCA 1	0.488	0.382	0.364	0.192	0.516	0.528	0.424	**0.754**	0.409	0.406
QCA 2	0.353	0.262	0.039	0.209	0.396	0.331	0.317	**0.748**	0.388	0.228
QCA 3	0.373	0.336	0.110	0.204	0.540	0.361	0.338	**0.701**	0.227	0.189
QCA 4	0.442	0.332	0.172	0.204	0.338	0.293	0.249	**0.790**	0.317	0.365
TAP 1	0.556	0.548	0.228	0.337	0.447	0.589	0.369	0.386	**0.812**	0.330
TAP 2	0.443	0.414	0.170	0.215	0.437	0.496	0.331	0.438	**0.733**	0.302
TAP 3	0.497	0.474	0.108	0.299	0.234	0.347	0.383	0.214	**0.730**	0.271
TPS 1	0.447	0.209	0.283	0.095	0.311	0.248	0.275	0.341	0.232	**0.777**
TPS 2	0.408	0.263	0.188	0.175	0.337	0.277	0.307	0.292	0.378	**0.738**
TPS 3	0.383	0.239	0.212	0.175	0.425	0.405	0.375	0.453	0.348	**0.808**
TPS 4	0.453	0.330	0.364	0.143	0.298	0.322	0.366	0.256	0.306	**0.879**
TPS 6	0.441	0.323	0.294	0.141	0.337	0.367	0.316	0.311	0.331	**0.782**

Table 22: Discriminant Validity (Heterotrait-Monotrait Ratio (HTMT) matrix

	AR	COM	EIP	GAT	ICT	LC	LE	QCA	TAP	TPS
AR										
COM	0.848									
EIP	0.540	0.459								
GAT	0.381	0.489	0.680							
ICT	0.670	0.558	0.357	0.277						
LC	0.802	0.659	0.589	0.468	0.600					
LE	0.697	0.555	0.406	0.272	0.488	0.713				
QCA	0.717	0.555	0.350	0.375	0.807	0.626	0.585			
TAP	0.915	0.869	0.340	0.575	0.755	0.840	0.681	0.658		
TPS	0.651	0.405	0.404	0.227	0.518	0.467	0.510	0.503	0.542	

Interpretations: The study met the Fornell-Larcker criterion as the square root of a construct's Average Variance Extracted (AVE) exceeded the correlations between that construct and other constructs in the model (Hanafiah, 2020). The threshold for cross-loading requires that the loading ideally exceed 0.70 in the designated construct components, while remaining much lower in other constructs. Thus, the cross-loading criteria are also fulfilled. The study satisfied the HTMT criterion, as all values are below .85, except one case, TAP-AR, which is .915. Experts Henseler, Ringle, and Sarstedt (2015) and Ramayah et al. (2018) have suggested that HTMT values not including 1 are acceptable too. Therefore, the discriminant validity of the measurement model is ensured. Hence, the validity and reliability of the measurement model have been established.

6.1.5.2 Collinearity statistics: Variance Inflation Factor (VIF)

Table 23: Outer model VIF -List

Items	VIF
AR 1	1.588
AR 2	1.686
AR 3	1.831
AR 4	1.877
AR 5	1.702
COM 1	1.692
COM 2	1.937
COM 3	1.870
COM 4	1.984
EIP 1	1.867

EIP 2	1.402
EIP 3	1.744
EIP 4	1.422
GAT 1	1.247
GAT 2	1.637
GAT 3	1.360
ICT 1	1.591
ICT 2	1.517
ICT 4	1.257
LC 1	1.655
LC 2	2.147
LC 3	4.707
LC 4	4.793
PLE 1	1.358
PLE 2	1.299
PLE 4	1.348
QCA 1	1.316
QCA 2	1.606
QCA 3	1.338
QCA 4	1.609
TAP 1	1.320
TAP 2	1.270
TAP 3	1.185
TPS 1	1.750
TPS 2	1.665
TPS 3	1.997
TPS 4	2.780
TPS 6	2.046

Interpretations: All the VIF values of the questionnaire construct's items are less than 3, except LC 3 and LC 4, which are less than 5. However, VIF values less than 5 are quite acceptable for reflective indicators in PLS-SEM research (Hair & Alamer, 2022; Hanafiah, 2020). Therefore, the measurement model does not exhibit multinuclearity issues according to established criteria.

6.1.6 Partial Least Squares Structural Model and Hypotheses Testing Results

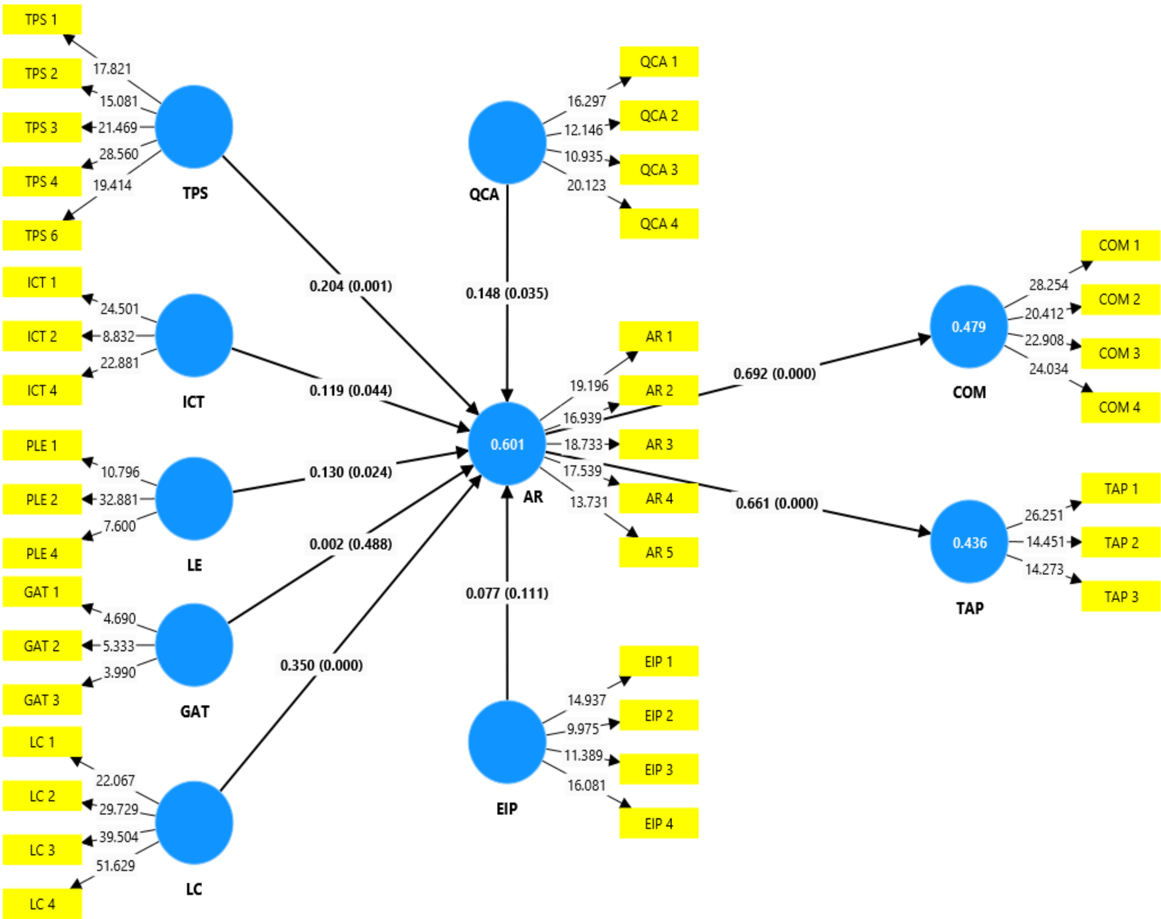


Figure 17: Partial Least Squares Structural Model

Table 24: Hypotheses Testing Results

Mean, STDEV, T values, p values							
Hypothesis		**Original sample (O)**	**Sample mean (M)**	**Standard deviation (STDEV)**	**T statistics**	**P values**	**Deci.**
H1	QCA -> AR	0.148	0.147	0.082	1.811	**0.035**	**Accept**
H2	TPS -> AR	0.204	0.204	0.067	3.047	**0.001**	**Accept**
H3	ICT -> AR	0.119	0.120	0.070	1.710	**0.044**	**Accept**
H4	LE -> AR	0.130	0.137	0.066	1.975	**0.024**	**Accept**
H5	LC -> AR	0.350	0.339	0.076	4.587	**0.001**	**Accept**
H6	EIP -> AR	0.077	0.078	0.063	1.222	**0.111**	**Reject**
H7	GAT -> AR	0.002	0.012	0.064	0.030	**0.488**	**Reject**
H8	AR -> TAP	0.661	0.665	0.046	14.265	**0.001**	**Accept**
H9	AR -> COM	0.692	0.697	0.043	16.249	**0.001**	**Accept**

Interpretations: Qualities and Competencies of Accountants (QCA), Training and Professional Support (TPS), Information and Communication Technology (ICT), Legal Environment (LE), and Leadership Commitment (LC) have a significantly positive influence on the accrual accounting reform in the local governments of Bangladesh. That is H1, H2, H3, H4, and H5; all five hypotheses have been accepted at the 5% level of significance. The result is also similar to the earlier empirical findings, which were discussed in the section on hypothesis development. However, Hypothesis H6: External Institutional Pressure (EIP) has not been found to have a significant positive influence on accrual accounting reform in the local governments of Bangladesh, which is inconsistent with earlier empirical evidence. As a result, there is a demand for proper explanation and experts' opinions. H7: Global Accrual Transformation (GAT) also does not have a significantly positive influence on the accrual accounting reform in the local governments of Bangladesh. Additionally, the accrual accounting reform (AR) has a significantly positive influence on the Transparency, Accountability, and Overall Performance (TAP) and Comparability of financial reporting by local governments in Bangladesh, as indicated by the analysis results at a 5% level of significance. The outcome is also consistent with the earlier empirical evidence. The leadership commitment is the strongest significant predictor of accrual reform. The factors influencing reform can be ranked as LC, TPS, QCA, LE, and ICT, respectively, based on the original sample values. The VIF values of all the constructs are also less than 3, which confirms there are no multicollinearity issues among the constructs.

6.1.7 Model FIT and Goodness of Fit Summary

Table 25: Model FIT and Goodness of Fit Summary

	R-square	R-square adjusted
AR	0.601	0.581
COM	0.479	0.476
TAP	0.436	0.433

	Saturated model	Estimated model
SRMR	0.092	0.098
d_ULS	6.282	7.086
d_G	2.415	2.517

Chi-square	1896.723	1941.882
NFI	0.519	0.507

Interpretations:

PLS-SEM was established as a predictive approach parallel to multiple regression analysis. Due to this characteristic, model fit indices were not developed for PLS-SEM; however, assessments of their efficacy in rejecting misfitted models have been conducted in recent years. The measurements include the goodness-of-fit index (GoF) and the standardized root mean square residual (SRMR). Advocates of model-fit indices express caution regarding the establishment of cut-off values for identifying structural model misfit due to the inconsistency of their efficacy in detecting misspecification within the framework of PLS-SEM. R2 values ranging from 0 to 0.10, 0.11 to 0.30, 0.31 to 0.50, and above 0.50 signify poor, modest, moderate, and strong explanatory power, respectively (Hair & Alamer, 2022). Henseler (2017) suggested that SRMR values less than .10 can be considered an acceptable fit index. While a Normative Fit Index (NFI) above .90 is anticipated, however, NFI values above .50 are tolerable in exploratory research in recent times (Schuberth et al., 2023). Therefore, the research model is acceptable.

6.1.8 Sample Size and Justification

Table 26: Sample Size

LG Type	Frequency	Percent	Valid Percent	Cumulative Percent
Zila Parishad	24	15.69	15.69	15.69
City Corporation	**21**	13.73	13.73	29.42
Upazila Parishad	53	34.64	34.64	64.06
Paurashava	55	35.94	35.94	100.0
Total	**153**	100.0	100.0	
Urban	76	49.67	49.67	49.67
Rural	77	50.33	50.33	100.00
Total	**153**	100	100	

Justification of the Sample Size: The present research adopted multi-stage random sampling techniques. The sampling procedure was explained in detail in Chapter Five. A total of 153 responses have been analyzed to examine the structural relationship by deploying Smart PLS software. Hair Jr et al. (2021) stated that sample sizes ranging from 100 to 150 are generally sufficient for PLS-SEM, particularly when the model is not overly complex and the minimum R^2 value is average. The famous author also provides multiple references and claims that the magic of the PLS SEM approach is probably its ability to deal with a very small sample size effectively; no other multivariable techniques have that capacity. The author also suggested the "10-times rule," which stipulates that the sample size must be a minimum of ten times the largest quantity of structural paths leading to any construct within the model (Hair, 2014; Hair Jr et al., 2021; Kock & Hadaya, 2018). Another popular guideline states that the sample size must exceed ten times the highest number of inner or outer model linkages directed at any latent variable within the model (Goodhue, Lewis, & Thompson, 2012). A better improved version of the 10 times rule of thumb was proposed by Kock and Hadaya (2018), that is, the Minimum R-squared method, which combines 10 rules of thumb, including the Maximum number of arrows pointing at a construct, and the R-squared. The authors have developed a minimum sample table.

Therefore, the sample size of 153 satisfies all four of the minimum sample size threshold criteria.

6.2 Qualitative Analysis

This section presents a summary of the findings obtained through the documentary review and interviews with accountants from local government bodies, along with the insights gathered from key informant interviews (KII). The results of the documentary reviews are presented at the beginning of the section. Subsequently, the data from the interviews are analyzed and articulated in a thematic narrative way, considering the three research propositions: (1) the participants' perceptions of current accounting practices, (2) the factors influencing the accrual reform, and (3) the perceived advantages of implementing accrual reform in the local government of Bangladesh. The thematic narrative analysis is conducted by combining the interviews with accountants and the Key Informant Interviews (KII). Furthermore, the interview findings are discussed in the light of the theories employed in the research. Finally, all the findings were triangulated to ensure the robustness and consistency of the study.

6. 2.1 Documentary Review Findings

An analysis of the current budgeting and accounting practices reveals several significant observations, which are outlined below:

1. The local government units prepare budgets as per the formats prescribed by the ministry. Although the budget development process requires active citizen engagement and consideration of their concerns, it is predominantly bureaucratic rather than participatory in practice. Furthermore, the law stipulates that the budget must be publicly displayed on notice boards. However, in reality, a significant percentage of entities upload their budgets on websites, while a considerable proportion of local governments neither post budgets on websites nor on conventional notice boards.
2. All respective LG units stick to a cash basis and employ manual accounting practices. Several LG operations adopted a form of automation alongside manual practices. Since 2022, the FRC of Bangladesh has imposed new accounting practice requirements for SPAs.
3. The accounting records maintained by the local government bodies differ from those of another local government unit of the same type. Moreover, the formats of the accounting books also vary among the LG units. Consequently, there is an absence of homogeneity among the similar LG units. However, the accounting practices of Upazila parishads are largely similar due to uniform guidelines imposed by the Ministry of LGRD, and the accounting practices of City Corporations are also becoming relatively equivalent as a result of the JICA project C4C. The non-uniformity of accounting practices mostly exists in Zila Parishads and Paurashavas.
4. A single entry must be entered multiple times across various ledgers due to manual approaches. The number of projects in Zila Parishads is both small in size and enormous. Thus, it has become difficult, given the minimal workforce in LG units, specifically Zila Parishads.
5. The documentary study indicates a deficiency in coordination among the Zila Parishad, Upazila Parishads, and Union Parishads. However, the situation has been improving recently.
6. The audit is irregular in a few instances.
7. Since the local government's accounting systems do not conform to the accrual basis of IPSAS, it is now impractical to assess the compliance index with the accrual basis. In reality, the present accounting system of all LGs does not even conform to all the obligatory requirements of the Cash Basis IPSAS.

The details of the documentary review about the LGs' accounting practices were elaborately discussed in chapter two, along with a few relevant tables and charts.

6.2.2 General Information about the Respondents

Table 27: General Information about the Interview Respondents (Accountants)

LG Type	City Corporation	Paurashava	Zila Parishad	Upazila parishad
Respondents	5	11	8	7
Total = 31	**Urban LG = 16**		**Rural LG = 15**	

Profile of Interview Participants	
Position	**Number of participants**
Chief Accounts Officer	02
Accounts Officer	10
Accountant	12
CA to Chairman	05
CA to UNO	02
Total	31

Table 28: Key Informants Profile

Key Informants Profile	
Higher Officials of the Ministry of Finance and Professional Accountants, Former President, ICMAB	RES KII 01
Higher Official Standard Setting (FRC)	RES KII 02
Higher Official FRC and	RES KII 03
Higher Official FRC, Former Employee of OCAG, IBAS Implementation Experts	RES KII 04
Donor Representative, JICA	RES KII 05
Academician and FRC Member	RES KII 06
Academician and Researcher	RES KII 07
Academician and PSA Researcher	RES KII 08
Academician and PSA Researcher	RES KII 09
Professional Accountant and PSA Researcher	RES KII 10
Total	**10 (Ten)**

The interview participants were selected purposefully, and the data saturation point was taken as the standard to set the minimum number of interviews (Saunders et al., 2018), which is 30. Therefore, A total of 31 interviews have been conducted with local government accountants who previously completed the questionnaire to provide a more comprehensive explanation of the quantitative findings. To achieve a more robust outcome of the study, 10 key informant interviews were also performed with the experts.

6.2.3 Thematic Narrative Analysis of Interview Data

A thematic narrative analysis was conducted by following a sequence of steps. The researcher initially listened attentively to the taped interviews of the respondents and the key Informants multiple times. Examine and re-examine the interview narratives, taking into account personal field observations and experiences. The objective is to identify recurring themes. Relevant text parts have been identified in relation to the developed themes, considering the study questions. Afterward, the themes were categorized into broad categories and organized separately under the three primary study objectives. The researcher also examines how the themes interact with one another within the research environment. The identified themes are then presented in the thesis with the narrative extracts from specific stories. An attempt has also been made to gain a deeper understanding of the basic meaning and theoretical connections of the thematic narratives.

6.2.3.1 Respondents' Views regarding the Current Scenario Accounting Practices

The interview was conducted in a semi-structured format. The questions were framed in line with the research objectives. All interview participants (LG accountants and KII) were initially requested to provide their views on the current accounting processes encompassing all aspects of the accounting section within each LG. This includes both the system and culture. The interviews were conducted with those who have a minimum and basic understanding of accrual accounting. A majority of participants indicated that the current system is understandable. For example, a zila parishad accountant stated that anybody from any background can swiftly understand it. However, they expressed serious concerns regarding the manual practices. They asserted that the system has both manual and repetitive characteristics. They are unable to serve a wide range of user requirements, considering the limited number of employees in the accounting department. Some of them also highlight the inadequate nature of the current system. On the other hand, the majority of KII respondents claimed that the system is old-fashioned, significantly deviating from international best practices. The experts also argued that the system delivered incomplete information to the users. However, one key informant stated that the cash basis approach is practical for the PS and has minimal harm if appropriately implemented. The common views of the interview participants regarding the current accounting system are presented here. Following careful theme building of their interview transcripts, accompanied by relevant individual story evidence. The common views of the participants about the present cash basis practices are:

1. Incomplete Financial Synopsis:

The majority of respondents said that the existing system provides *insufficient information*, as it is exclusively cash-based. They argued that this *does not fully reflect the actual financial conditions* of the specific local governments and misleads financial choices. They argued that the system cannot furnish precise details concerning assets, liabilities, revenues, and expenses, as the present practices provide no proof or documentation of accrual data due to the absence of accounting, reporting, or documentation of accrued revenues and expenses.

A Paurashava accountant said that,

> *"We must transform to a double-entry system. We have to evaluate assets and liabilities. We now have accruals as well, but they are included in the file notes only, for instance, we also have significant liabilities. However, we show what we are providing to them in cash. The current system is incomplete."*

Likewise, a Zila Parishad accountant also stated that,

> "*Before my joining, two years ago, the system operated manually. I faced significant challenges in transforming the system into an ICT-based one, as the current practices significantly diverge from international standards and are both incomplete and outdated. However, it is not entirely incomplete. I can gather all the information, but not in the manner employed by the double-entry system."*

Another Paurashava accountant said,

> *"What is the projected income for this year? We place tenders without comprehending the financial situation. Though the central government is aware of the anticipated deficit for this year."*

The KII participants also assert that the existing system furnishes inadequate information to stakeholders. An academic and PSA researcher stated that,

> *"I believe that the limitations of the cash basis system will also persist in this case. Our local government entities lack comprehensive records of their assets, liabilities, and annual accrual transactions. The present accounting practices deliver an unclear overall impression. We typically perform accounting to generate a clear financial picture. The cash basis system is not providing us with an accurate picture. I am even quite doubtful about how accurately they are using the cash basis system."*

Thus, the present system is incomplete in the majority of participants' view, even though they perceive the system as easy to understand.

2. Possibilities of Mistakes and Embezzlement:

Several interview participants argued that the current system is vulnerable to errors and fraud. The entirely manual and cash-based accounting practice presents a higher risk of errors and embezzlement of funds. For instance, a Zila Parishad Accountant said,

> *"Anyone has enough scope for funds embezzlement in the existing manual cash-based accounting system."*

He further added that if we digitalize the system, it will be minimized.

Another accountant stated that, when the actual due amount is received in the following year, the accountant has the opportunity to become dishonest. It occurs because of a lack of accrual accounting recording and reporting.

An academic expert also indicated that the manual operation of the system increases the likelihood of errors compared to an automated system.

3. Lacks Transparency:

Respondents assert that the current system has shortcomings in ensuring transparency and holding them accountable to citizens. It generates insufficient or partial information regarding the entities for the stakeholders.

A Paurashava accountant stated,

> *"Our current accounting system requires an upgrade. The study questionnaire I completed and the research you conducted are essential for us. In my observation, the system needs to be developed. The existing system is manual and reliant on*

paper. We need an updated computer-based system. This should improve transparency and accountability. Our existing accounting system has deficiencies. As a result, we are unable to maintain transparency with our stakeholders."

The KII respondents also express a similar viewpoint. The majority claimed that the system presents an incomplete representation. It lacks transparency due to the lack of reporting of assets, liabilities, or accrual information.

4. Repetitive and Time-Consuming:

Interview participants claimed that the current approach entails numerous repetitive stages. It requires accountants to record a single transaction multiple times across various ledgers. This ultimately takes a significant amount of time and imposes more pressure on accountants. In contrast, there is a severe shortage of employees in the accounting section of the LGs.

An accountant from the Zila Parishad stated,

"We have many small projects. A single project must be posted eight times; yet, there is no manpower available in the accounting department, apart from me."

Another accountant from the Zila Parishad also stated that

"The majority of our projects range from 100,000 to 300,000, with entries recorded twice in the account book and noted twice in the pay order. This task is challenging for the current personnel structure."

Additionally, he mentioned that in 1968, there were eight individuals in the accounting department.

However, the KII participants also stated that the system takes more time to generate information, mainly because of its manual nature, rather than an ICT-based system.

5. Manual, old-fashioned, and far away from International Standards:

The majority of accounting personnel of LG mentioned that the current accounting system is paper-based and lacks digitalization, making it quite conventional and old-fashioned.

A donor country representative (KII) pointed out that,

"The Bengali municipal accounting rule is quite old; it was introduced in the British colonial period. It may be reasonable, but outdated."

A significant portion of the KII participants emphasized that the current practice falls short of international standards, and reform is necessary.

6. Lacks Uniformity:

One of the principal observations of the current practice is that the accounting records maintained by each local government are not uniform in terms of format, accounting books, and reporting techniques. This scenario is mainly observed in Zila Parishads; other types of local government entities also suffer from the problem of Uniform practice, including city corporations. Even though a project funded by JICA, called C4C, is running among the city corporations for the modernization of the accounting practice and to bring them into uniformity.

An accounts officer of Paurashava stated,

> *"We are not uniform as far as accounting practices are concerned. I think we need to be uniform first."*

A zila parishad accountant said-

> *"Currently, our Practices are not uniform; all zila parishads should follow a uniform system."*

7. Unable to satisfy a Variety of User Needs:

Respondents stated that the system operates on a manual and cash-based framework, resulting in insufficient information; consequently, this information fails to meet the diverse needs of users, particularly donors who seek a comprehensive financial overview and policymakers who make project funding decisions.

A Paurashava accountant of the hill tracts said,

> *"With the increase in the population, we have to deliver prompt service to our citizens, which is not possible by the current traditional manual system of recordings; that's why we have to go for upgradation."* He further added that *"not only we need to shift from manual to digital system, we need to implement both digitalization and accrual accounting."*

KII participant also unanimously holds the same view they especially highlighting the donor demand.

8. Effects of Multiple Years:

A significant issue with current practices is that annual revenues or expenses have a lasting impact on multiple years, complicating budget formulation and financial decision-making.

A city corporation's Accounts Officer Said,

> *"One of our major problems is that we are uncertain about the collection of holding tax. We typically collect 42 to 43 percent of the holding tax, with a significant amount remaining due."*

In another instance, a city corporation accountant stated that,

> "*During the COVID-19 pandemic, our tax collection significantly decreased, and we eventually recovered it in later years."*

A Paurashava accountant also pointed out that,

> "*We record when we received cash. Suppose I received a significant amount of tax dues from the previous year in this year or made a big payment of the prior year. In both cases, our concerned authority gets misleading information and sets next year's targets beyond our usual capacity."*

Thus, the present system fails to follow the matching principle, which is one of the major inherent problems of cash basis accounting.

9. Shortage of Skilled Manpower:

Although it is not directly related to accounting practices, most respondents stated that it is crucial to acknowledge the existence of a significant manpower crisis. They stated that the current practice lacks sufficient people to provide accounting services adequately, even though the system is easy to understand. They exposed two primary issues: first, an employee crisis; and second, a substantial number of people servicing the accounting section lack accounting education. Most of the Zila Parishads operate with a single accountant, despite having more projects than Paurashavas.

10. Power Conflict:

Several Upazila respondents highlighted the power conflicts between the Upazila Nirbahi Officer (bureaucrats) and the Upazila Chairman (Politician). In certain Upazilas, the accounting records are maintained by the CA to the UNO, whereas in other instances, they are managed by the CA to the Chairman. Similar situations are also seen in other LG entities. A silent and undesirable rivalry exists between politicians and bureaucrats, which eventually impedes the delivery of effective service by accountants.

11. Interdependence:

Several respondents indicate that accounting or budgeting decisions necessitate diverse financial information that is not consolidated in a single location.

For example, an Upazila CA to the Chairman stated that,

> "*To develop a budget, it is necessary to gather information from the Upazila Local Government Engineering Department accounts office, Upazila AG office, Registry Office, and others.*"

A Paurashava accountant also stated that they have collected information from all departments and sections of the Paurashava, including the water, tax, license, and birth and death registry sections, the Land Registry office, and the AG office for central government grants. He also further stated that,

> *"All information is not centralized in one place, and the accounting department also functions as a section of the administration, which ultimately relies on the will of the upper authorities."*

Therefore, significant interdependencies exist in the overall functions of the accounts section of the LG.

12. Not Practicing Coding:

A very few participants indicated that the current system lacks coding, resulting in various consequences; for example, they noted that funds allocated for one source are occasionally expended on another source. Later, it creates problems in financial management. The respondents pointed out that without coding, digitizing the system is a challenging task. However, a few city corporations started coding and have implemented it. A city corporation's accounts officer confirms that the coding practices have begun in most city corporations.

A considerable proportion of respondents stated that the current cash basis system is **user-friendly** and can be handled and maintained by the present accounting staff, who come from diverse educational backgrounds. They emphasized the necessity for uniformity and digitalization of the system. They also believe the system is outdated and incomplete in some ways, demanding gradual modifications. In contrast, the KII participants emphasized that the system is outdated and falls short of international standards, as well as being unable to meet the needs of a diverse range of users, particularly donors and investors.

6.2.3.2 The Factors Influencing Accrual Accounting Reform

1. Qualities and competencies of accountants:

The majority of interview participants believed that implementing accrual reform is feasible with the employment of qualified individuals possessing accounting expertise. They stated that their current practices are **user-friendly.** The current accounting practices are understandable to individuals from any background. However, they argue that implementing the new system requires specialized knowledge in revenue recognition, asset valuation, and project progress evaluation. The accountants also required sufficient knowledge to have a comprehensive understanding of the entire accounting process in the LGs.

A Zila Parishad accountant stated that,

> "*To implement the accrual basis in the local government, we need well-trained employees with accounting knowledge, plus we need to train them.*" He further added that "*technical knowledge is required along with morality. He has to be morally strong.*"

A Paurashava accounts officer stated,

> *"Accrual basis is the demand of the time. For that reason, we should recruit educated people and train them. The current setup and manpower are inadequate to implement the new system."*

An interviewee stated that they are currently unable to provide the service with their existing workforce. The new system requires an increase in personnel. Participants added that accountants should be recruited with specialized expertise in accounting. The majority of participants believe that skilled people are a prerequisite for the successful implementation of the reform.

The KII respondents emphasized the necessity of qualified and competent accountants for the execution of the accrual reform. One also questioned whether the current personnel are capable of implementing the accrual reform, as many of them come from diverse educational backgrounds. An FRC council member claimed,

> *"Those who are currently working at the different types of local governments, are they competent, or have the required accounting knowledge? As there are so many non-accounting major students serving there."*

A donor country representative stated that,

> *"Accounting staff capacity is a significant limitation. We often found simple clerical mistakes in the budget statement. I feel they should recruit people with an accounting background. There is a provision for adopting an assistant accountant in the Upazila Act."*

Therefore, the qualities and competencies of accountants are a significant positive driver for accrual reform according to the general respondents' and Key Informants' views.

2. Training and Professional support:

Interviewees uniformly emphasized the necessity of training. They said that a large number of accountants, coming from different educational backgrounds, require such training. They believe that implementing accrual accounting in local government is possible, provided they acquire expert support. The experts will develop an appropriate system and offer them training. This will facilitate the reform implementation process.

A Paurashava accountant with 16 years of experience stated,

> *"We have to train and make our employees competent. We will not find the intended result, unless we do so."*

Another Paurashava accountant also asserts,

> *"I can say that we don't have enough knowledge about the new system, from our side. We need training. Then we also need political restructuring and support. Politicians should be trained, too. We work under them, and significant support is necessary from them. First, we need support from a consultant before implementing the whole system; then we can proceed."*

A few participants indicated that currently, most of them have not received training, or if they have, it is primarily project-related. Interview participants emphasized the importance of training and suggested that, at first, the authority, with the help of experts, should develop the new system in collaboration with skilled experts. Several participants noted that transitioning to accrual accounting is not straightforward; they must assess assets, recognize revenues, and record expenses. They require professional assistance in system design and must obtain training from the professionals. In addition, a few participants commented that our local experts are sufficient and that they do not feel that any foreign experts are necessary.

The Key informants also emphasized that rigorous training on the new system is necessary, and experts or professional support is also crucial for developing the accrual system.

Therefore, it can be said that training and expert assistance have a substantial, favorable correlation with accrual shift.

3. Information and Communication Technology:

All respondents and key informants unanimously emphasized the critical role of digitizing the accounting systems. Most of the participants stated that we must prioritize digital initiatives, similar to IBAS or a separate form. Afterward, we can gradually update the accounting systems software, which will also facilitate the accrual implementation process for us.

A hill tract's Paurashava accountant said,

> "*With the increasing population, we have to deliver prompt service. This is not possible with the traditional manual system of recording; that's why we need to upgrade, not only from manual to digital, but also to implement both digitalization and accrual.*"

Another Paurashava accountant said,

> *"We, Paurashava, have many departments and have different tasks, so the use of software may be different, but all have to come to the accounts section automatically, and then we will send it to other parts like the audit office, LGRD."*

A City Corporation's Accounts Officer Said,

> *"This is the age of ICT. Only ICT is not enough; we need a combination of both ICT and Accrual."*

He further added,

> *"I don't think IBAS is appropriate for us, because there was no indication for an accrual transaction. We need to design the system, then prepare well-furnished software, provide training to them; then all will be automatic."*

The Zila Parishad's respondents are also unanimous about digitalization. Most Zila Parishad accounts sections are run by a single accountant. However, they have many small projects compared to other LG entities. When discussing factors or implementation strategies, they first address the digitalization of the system. The interview participants from the Upazila Parishad also show a demanding interest in digitalization or IBAS-like system. Respondents emphasized that without digitalization or with inconsistent/ ununiformed manual practices, the intended accrual reform cannot be implemented. They assert that if we can digitize the system and recruit professionals and IT experts to enhance it progressively towards accrual, the implementation of accrual accounting will be more straightforward, information interdependence will be reduced, and timely information can be delivered.

One Key informant (a higher official of MOF as well as a professional accountant) stated that, *"At first, we need to digitalize whatever we are practicing in local government. Make them Uniform; there are many side effects without holistic digitalization. If we can implement automation, the reform will be easier to implement."*

Interestingly, during discussions on accrual shifts, all participants, regardless of their local government type, initially emphasize the importance of digitization. The key informants believe that digitalization will facilitate the reform process. Therefore, the interview responders and key informants unanimously acknowledged that ICT has a significant, favorable impact on the accrual reform. However, opinions differ when the issue of server-based versus desktop-based software arises. Respondents are confused regarding the choice between server-based software, desktop-based software, or joining IBAS++.

4. Legal framework:

Several participants emphasize the legal framework, encompassing the function of laws, rules, regulations, and guidelines imposed by the supreme institution and its entities. Respondents argued that the existing treasury regulations, subsidiary rules, and budgeting frameworks of public financial management procedures are all legal frameworks in line with the requirement of the cash basis. They also indicated the financial management rules established in the relevant Local Government Act. Consequently, they asserted that the legal framework significantly influences accrual reform. It necessitates modifications and adjustments to laws and regulations in accordance with the requirements of the accrual system.

The Chief Accounts Officer of a city corporation near Dhaka disclosed that due to legal complications, their attempts at implementing accrual reform were unsuccessful.

The key informants also believed that the legal framework is a significant positive driver for reform. They emphasized the modifications or adjustments in laws needed in line with accruals. They stressed that the compulsion is also required to get the intended outcome of the legal modifications.

A Paurashava accountant said that,

"A common format must first be established, followed by the development of software. Many individuals lack understanding. Their fear exists in coping with a new system. Parallelly, legal reforms should be implemented as necessary, along with the required audit reforms. A standard format is essential, accompanied by matching legal adjustments."

A Key informant replied,

> *"Whatever institutional frameworks the government has now, central to local, if they don't comply or compulsion is not there, the reform will not happen. For that reason, we need to change the structure, provide training, and address these issues. I developed the system. I told them to implement it, but I did not prepare them. We have laws, but we lack compliance. This situation does not exist in Western countries, where laws are established and people are expected to comply with them. It will not work here, and the policy will remain in place unless we are ready to make them accountable."*

Thus, the Key informants emphasized both the legal framework and ensuring compliance.

Therefore, the legal environment has a significant positive impact on the reform.

5. Leadership Commitment:

A respondent asserts that if authorities such as the LGRD ministry, CAG office, FRC, MOF, politicians, and local government bureaucrats are committed to implementing the accrual system, nothing is impossible.

Another respondent indicated that the ministry sends a uniform budget format, and all of us follow it, as the ministry supplies us with the format. If our ministry and senior officials are cordial with the reformation, they inspire us, rendering nothing impossible. Our approach is top-down. Consequently, we shall adhere to it automatically. They emphasized the commitment of the top management and stated that it would have a significant impact on the reform. They stressed that the prolonged duration is likely due to a lack of commitment or cordiality on the part of our top authorities regarding the matter.

An accounts officer of Paurashava said,

> *"Everyone says we will do the reform. However, no one does real reform. Out of 330 Paurashava, only 130 can give salaries, allowances, and gratuity regularly. Those who are outside the city somehow reach one crore. And become an 'A' grade Paurashava for political reasons. The grading should be adjusted. Our post is a block post. There is no coding either. We shift money from one line item to another. Suppose we are not well; how can we deliver good service? If we get a salary from the central government, we can provide better service."*

The respondents earnestly seek a genuine commitment to the reform by the top management. And claim that all these are connected.

One Zila Parishad accountant stated that implementing the new system is not very challenging, if the authority designs the system and provides us training; however, I think the primary issue appears to be a lack of dedication of the leaders. Ultimately, it is a matter for the authorities to decide whether they want to proceed with accruals or not. A portion of the respondents indicated that politicians, the higher authorities, especially the ministry's commitment, have a profound impact on the reform.

A senior official from the Ministry of Finance stated that,

> *"The reform is necessary, but it is challenging. Our LG spreads all over Bangladesh. How much does LG listen to others? Their name is local government! Unless the LGRD ministry sets it."*

He emphasized the ministry's commitment to the reform and coordination among authorities like MOF, LGRD, CAG, and FRC for a transparent accounting system in local government.

Therefore, the leadership commitment has a significant positive influence on the reform.

6. External Institutional Pressure:

The coercive or external institutional pressure comes from the resource provider. The local government, financial and non-financial resource providers include the central government through the ministry, the Financial Reporting Council (FRC), Donors, and citizens. Surprisingly, none of the respondents addresses the significant pressure exerted by the central government, the FRC, Accounting Boards, or its citizens towards accrual reform or a more transparent and complete accounting system.

An Upazila interview respondent reported experiencing pressure from donors concerning appropriate budget practices and the transparency of financial information, particularly from Upazila and Paurashava, as provided by JICA and the World Bank. Nonetheless, the majority indicated that they do not experience substantial pressure from the public, the central government, or accounting boards to implement accrual accounting, even in terms of adequate disclosure, as compared to donor pressure.

One said, We don't receive pressure from citizens or government bodies for improved accounting practices. Instead, the ministry or audit office requires compliance from us regarding budget making, spending guidelines, and timely reporting to the deputy director, local government, the divisional commissioner, and the ministry.

A KII pointed out that the pressure for the reform encountered by the ministry may not be transferred to the corresponding municipality. They said Coercive pressure primarily originates from the resource providers. As citizens, the central government serves as a primary resource provider for LGs, but they do not apply adequate pressure on LGs to enhance or modernize their accounting practices.

A key informant (MOF) claims that,

> *"It is true there is no pressure. Nobody owns them. Which I told you earlier. CAG doesn't maintain records; he doesn't create pressure. The Finance Ministry gives transfer payments and then finishes. There is no pressure from the Ministry of Finance (MOF). The LGRD Ministry lacks skilled manpower to handle accounts and matters. The finding you got is Okay. FRC itself has a manpower crisis. Those who create policy create it and deliver. They don't take the context into account. What FRC does is that they are professional accountants; they know what should be done, but don't realize whether it is feasible for the local government or not. Other statutory bodies are different. But local government is unique."*

An academic and PSA researcher said,

> *"The pressure for accrual reform mainly comes from the donors, and we promise them that we will implement it too. However, in reality, those Western models will not ultimately be effective in this context. Developing nations have unique situations that should be addressed first."*

Another Key informant said,

> *"Which factors are significant in our country? These may not be significant in a foreign country or vice versa, because their governance reaches a certain standard level. We have laws, but no compliance. The nonsignificant result of institutional pressure, I think, is okay. In foreign countries, factors such as ICT, Personnel, or commitment are already established and reach a standard level. Where laws are made and the central government puts pressure, it will work there. Only pressures will not work here unless we train them and make them ready."*

A key informant also points out that perhaps these pressures are not being adequately addressed by them. Informants also believe that addressing the contingency factors, such as personnel capacity or ICT infrastructure, is more crucial for the pressure force to be effective. One Key informant directly stated that, without considering the context, the accrual shift may also backfire.

Therefore, it can be concluded that, even though external pressure or coercive pressure is a positive driver of reform, this pressure will not yield the intended results unless it operates within a favorable contingency environment.

7. Global Accrual Transformation:

The majority of participants overlook the memetic aspect. Do not claim that we should replicate the acts of other nations. Possibly unaware of the issues. Instead, normative isomorphism has been seen in them to enhance current practices. They perceived that their current approach is inadequate and insufficient; they should strengthen it through expert assistance and training. Many key informants indicate that developed countries have a well-established and standardized framework. They have well-equipped infrastructure, personnel, legal systems, and compliance practices. Adopting practices from other developed or developing nations in a less developed country such as ours may not yield the desired outcomes. Key Informants, as well as accountants, emphasized gradual modifications to the accounting system. They also stated that bringing uniformity in accounting practices in the LGs and automation should be the first priority of the policymaker.

8. Cultural Environment:

The majority of participants tend to avoid the cultural element. A respondent stated, I believe our customs of conventional cash transactions, nepotism, corruption, and bureaucracy do not influence the reform. However, some maintain neutrality toward that cultural driver, particularly bureaucratic culture.

9. Organizational Size and Earning Capacity:

A limited number of participants suggested that organizational size and revenue-earning capacity could influence the effective execution of the reform. However, the majority of them do not give importance to the factor. Instead, the majority stressed uniform practice for a similar type of LG.

10. Funding Assistance and Cost of the reform:

Interview participants do not perceive the reform process as too costly. They don't think it necessitates extensive financial assistance from external donors. Instead, they believe that implementation is feasible if a team of professionals develops and designs the system, as well as provides training to the LG accountants.

6.2.3.3 Perceived Benefits of Accrual Accounting Reform:1. Transparency and Accountability

Interview participants emphasized that achieving greater clarity in financial statements requires the complete execution of accounting functions. They cannot ensure better transparency and remain accountable to their stakeholders, with the present incomplete accounting records and reporting. They assert that the accrual recording style enables them to disclose monetary information related to assets, liabilities, service charges, taxes, expenses, and other relevant items. It makes them more transparent. They further added that adopting accrual-based FS enables administrators to have a clearer understanding of the resources under their oversight and a complete picture of the revenues and expenditures.

A Paurashava accountant said,

> *"Our existing accounting system should be upgraded. I think it is very crucial for us. My observation is that we need to develop the current system. We require a computer-based, upgraded system that can enhance transparency and accountability. Our current system needs to be upgraded, as it is currently incomplete. Accrual basis is the demand of the time."*

Another Paurashava accounts officer said,

> *"We should go from cash to accrual. Paper waste will be reduced. We will be able to know assets and liabilities. However, the reform should be software-based."*

A city corporation's accounts officer indicated that,

> *"The present challenge in most of the local governments is that Income and expenses do not match. The current system is backdated."*

The overall general observation is that the accrual system, grounded in double-entry principles, respondents claim that the adoption and implementation of accrual-based financial reporting standards would enhance transparency and increase accountability to stakeholders by providing a comprehensive financial statement. One accountant also noted that we now have accruals as well. But we are not reporting that.

KII respondents uniformly agreed that the principal advantages of accrual accounting reform are the enhancement of accountability and transparency within local government institutions.

However, a key informant said,

> *"Cash account is not that bad for the public sector; however, it is also true that to have a real financial picture, we need to have an accrual basis accounting system.'*

Therefore, it is perceived that accrual reform in the local government will significantly enhance transparency and accountability.

2. Comparability and Performance Measurement:

Participants argued that the existing cash-based, inadequate information system complicates the evaluation of local governments' actual performance through intergovernmental comparison. Moreover, its considerable departure from international best practices limits the ability to make global comparisons. Likewise, key informants assert that the accrual reform will provide comparable financial data to evaluate the actual performance of local government units, which is not feasible with the current cash-based system.

A higher official of MOF claims that,

> "*If we want to imitate our practice with corporate-like performance measurement, then it is not possible with the cash basis. One major weakness of the cash basis is that in this system, the weak performance of a person is attributed to others' performance.*"

Thus, it is believed that the accrual implementation will enhance the comparability and overall performance of the local government entities by focusing on individual performance.

3. Global Harmonization:

Interviewees, particularly those from KII, perceive the existing system as outdated and traditional. This significantly deviates from worldwide best practices. Therefore, they argued that the reform must happen to conform to international standards. They contended that IPSAS-based accrual reform will facilitate global harmonization of local government accounts and attract more international investment.

A city corporation Accounts officer said,

> *"You know, the double-entry system is superior to the single-entry system, which we left behind in our student life back in 1994. When I came here, I saw receipts and a payment account. I do not think it aligns with international standards. When you go to a double-entry system, accrual basis is your automatic choice."*

A council member of FRC stated that,

"If we want to achieve a smart Bangladesh, we need these reforms. The central government did many reforms, such as starting coding, initiating IBAS, and trying to implement cash basis IPSAS. They are also tired of changing the reporting systems. As the central government and the ministry are gradually moving towards international standards, these types of statutory bodies should go for international standards."

Therefore, the accrual-based IPSAS implementation ensures global harmonization and meets conformity with the international standards.

4. Satisfy a Wide Range of User Needs:

Several respondents indicated that the accrual system is likely to provide more extensive details compared to the existing system. The majority of respondents believe that the existing system offers inadequate information. Since it operates on a cash basis, they said that donors often demand improved accounting practices or compliance with international standards. The current system fails to deliver real-time data on demand or comprehensive information to a wide range of users. Respondents generally believe that implementing accrual-based reform with full automation would enable them to meet the needs of various users of financial information. These include higher authorities, donors, and ministries, in a timely manner. One accountant claimed that we could not satisfy the increased demand of the citizens on time with the current manual system. He stressed that if an accrual-based automated system provides a complete financial picture, it will be able to meet the demands of the citizens.

The KII recognized that a primary advantage of accrual reform is that it will be able to furnish comprehensive information. It will also address a variety of user requirements.
An academic claimed that,

"*All these reforms are basically to satisfy the donors. The accrual implementation will be able to satisfy the requirements, which will attract more investments.*"

6.2.4 Structure of the Narratives and Theoretical Connections

The interview outcomes of general respondents and key informants concerning the factors influencing accrual implementation in the LG of Bangladesh, along with the perceived benefits of accrual implementation, are analyzed thematically with their individual stories and narratives. It can be addressed through theoretical frameworks. The researcher believes that the three principal theories, namely, NIS, Contingency theory, and the New Public Management paradigm, are pertinent for structuring the interview results. The phrase theoretical pluralism is more appropriate here, since the elements influencing the accrual reform derive from both the pressure force and institutional capability, which are contextual aspects. In addition, all these reforms are essentially motivated by the NPM paradigm, making the NPM paradigm relevant in this research context. The related literature about the three theories has been elaborately discussed in Chapter Four.

The "new institutional theory" or "new institutionalism" elucidates the mechanisms by which organizations interact with their operational environments and the effect on their accounting decisions and practices (Adhikari & Mellemvik, 2010). DiMaggio and Powell (1983) in their NIS, identified three pressures in their institutional framework, namely, coercive isomorphism, normative isomorphism, and mimetic isomorphism. Coercive pressure represents the highest level of pressure. This pressure mainly comes from resource providers. **Coercive isomorphism** occurs when there is a necessity for resources or when validation is required over legal matters from other institutions outside the organization. For the LG context, primarily, the central government, citizens, the FRC, accounting boards, and the donors provide such resources. The respondents' responses and field observations indicated that there is ongoing pressure from the foreign donors to enhance LG accounting practices. Donors also put pressure on compliance with the international standards. Conversely, they added that there is minimal pressure from the Citizens or the central government, particularly the ministry, regarding the accounting reform. On the other hand, Key informants specified that donors drive all these reform measures, and these demands are not being transferred to the field level. Consequently, they cannot feel the significance of coercive pressure.

Normative isomorphism pertains to the collective values that synchronize beliefs and behaviors within the organizations. The difficulty encountered by professional organizations, consultants, and specialists in establishing optimal conditions and protocols to uphold their standards is associated with normative pressure (Carpenter & Feroz, 2001).The interview findings indicated that employees perceive the current system as both inadequate and incomplete. They believe the system should be improved. They should get training to improve their competencies. They also recognize the necessity of professional assistance to develop the system. Therefore, a significant normative pressure exists in the local government for the accrual reform.

Organizations are sometimes motivated to imitate the practices of successful comparable organizations, which can be described as **mimetic pressure**. In the current research context, the general respondents do not experience such pressure. Perhaps, they may be uninformed of global practices. Similarly, key informants also believe that importing practices from developed nations may be unfruitful. They have already created a robust institutional structure, legal frameworks, and competencies. Consequently, they stated that imitating other types of organizations is not easy for a statutory entity such as local government, which possesses unique characteristics.

Rajib et al. (2019) claimed that the pathways of PSA reform in emerging economies are contingent upon the degree of involvement of professional accountants and their associations in the changes. Therefore, it can be asserted that for a developing nation, normative isomorphism or pressure is more influential than coercive or mimetic pressure, due to contingent circumstances and organizational capabilities.

The developing nations encounter unique conditions. The distinct situations in each nation aid in comprehending the degree to which accounting has evolved (Argento et al., 2018). In the context of developing nations, it is unknown if the pressures for change will lead to the rapid and thorough adoption of IPSAS. The outcomes of the reform process influenced by institutional pressure may differ across various governments (Albu et al., 2014). Ada and Christiaens (2018) claimed that coercive pressure alone is inadequate to change internal organizational structures and enhance performance. These pressures lead to inconsistencies in FR.

Therefore, the theoretical framework for analyzing the factors that influence accrual reform includes both institutional and contextual elements. The internal institutional and contextual features of an organization may affect accrual reform. However, these characteristics can also be shaped by external institutional pressures (Mbelwa, 2015).

The concept of Decoupling can better describe these. In institutional theory, "decoupling" refers to the disparity between an organization's stated actions and its actual practices. It occurs when organizations establish frameworks or regulations for appearances, yet fail to implement them in practice. In the current study context, a review of the backgrounds reveals that the central government promised to execute cash basis IPSAS and gradually apply accrual basis starting in 2007-2008 among the core ministries and specialized public sector organizations. Decades have passed, yet it remains in a state of progress. Later in 2022, the FRC promulgated accrual basis IPSAS for statutory bodies, including LG. However, those initiatives stay in the policies only. The reason may be the difficulties in its implementation. These may be linked to institutional contingent factors.

The contingency model proposed by Lüder (1992) and his upgraded version of the FMR model (Lüder, 2002) aim to clarify the effect of environmental variables on the adoption of innovation in PSA. The primary objective of contingency theory is to provide a theoretical framework for understanding how an organization's structure is shaped by its unique contextual circumstances. The Lueder model seeks to explain the causes of discrepancies in GA systems, methods, and practices across various countries, focusing on the variables influencing the different rates of modernization among the countries. The model suggests that three contextual variables, namely, stimuli, sociopolitical circumstances, and organizational elements, are likely to influence two principal dominant variables. These are users of PSA information and information providers. The complicated interaction of situational and mediating elements affects the transformation, either favorably or adversely. Lueders (1992) identified several barriers to implementation, such as government size, legislative framework, the accountant's qualifications, and organizational characteristics. The updated version of the Lüder (2002) contingency model is referred to as the Financial Management Reform (FMR) model. This model outlines the various stimuli, principal actors, institutional framework, and policy execution that influence the success or failure of the PSA reform. Through the theoretical lens of Lueder, we can say that governments may have motivations to adopt IPSAS-based accrual reporting when revising their accounting systems. However, they may also face contextual challenges that influence the change process. The **Lueders FMR model (2002)** includes six contextual variables: **Stimuli, Reform drivers, Political reform Promoters, Institutional arrangements, Implementation strategy, and Reform stage.**

The Contextual variable, **institutional arrangements,** has a significant influence on the accrual reform process. In the present research context, institutional arrangements are the main focus, and it was revealed that the significant institutional arrangements or contextual elements are the qualities and competencies of an accountant, the ICT infrastructure, the legal environment, and the leadership commitment. In addition, the organizational culture, size, and funding assistance have minimal influence on the reform.

The first contextual element identified in the current research findings is the qualities and competencies of the accountant. The key informants believe that employee competence is required to understand accrual accounting, technological innovations, and the recognition of assets and liabilities. The lack of employee competencies is a significant barrier to reform. The majority of interview participants hold the view that the current system is understandable to individuals from diverse backgrounds. However, the new system, that is the accrual reform, requires competent accounting graduates. They assert that the accountant's competencies significantly enhance the transition process. Respondents unanimously believe that adequate ICT infrastructure is a prerequisite for successful reform. They also believe that a suitable legal framework is necessary to accomplish the accrual reform. Moreover, the majority stress that solid administrative or leadership commitment is essential to achieve the desired outcome of the reform.

The interview findings, as well as field observations, reveal that the **stimuli** for the reform include global harmonization, addressing diverse user information needs (particularly from donors), facilitating intergovernmental or global comparisons, measuring and improving actual performance, and enhancing transparency and accountability through a comprehensive financial picture of the local government entities. In addition, the reform process was boosted by other stimuli like the Central Government's high foreign debt, dependency on donors (such as IMF, World Bank, and JICA), the NPFM doctrine, inefficiency and corruption in the public sector, as well as the stagflation situation of the economy, and finally, the demand for measuring the actual Performance of LGs. In the context of Bangladesh LG, the primary **reform drivers** include the Government (namely the LGRD Ministry and MOF), professional organizations (such as ICAB and ICMAB, IPSASB), regulatory agencies (FRC), the function of auditors (CAG), as well as PSA researchers and consultants. The majority of respondents primarily emphasized the role of the LGRD ministry and professional experts as key drivers of the reform. On the other hand, in addition to the support of the Ministry of LGRD and the Professional experts, the key informants identified the roles of FRC, CAG, and academic researchers as essential drivers of the reform. **The political reform promoters** consist of parliament members, as they exert considerable influence over local government, the PAC committee, and locally elected Mayors and Chairmen, as well as the local opposition parties. A key informant (academician) especially highlighted the considerable importance of the PAC committee.

The general interview respondents and key informants have provided many suggestions regarding **implementation strategies.** The majority of the respondents emphasized the necessity of uniform formats, coding, and automation of the existing accounting practices, next a gradual or step-by-step implementation of the accrual reform. Afterward, the engagement of consultants to design the new accrual system and how LG tackles or addresses the challenges related to asset valuation, revenue recognition, and over-expenditure minimization should be steered by them. Furthermore, respondents advocate for the establishment of an accounts department and the allocation of accountants' salaries from central government funds. They also suggested increasing the existing job security and facilities of the accountants. Respondents also emphasized increasing the number of accounting personnel and providing training to current employees to further develop their abilities, alongside urging strong oversight from the ministry and a solid commitment from higher authorities for the reform. Furthermore, respondents also claimed that the administrative culture is highly influenced by bureaucracy and political leaders. They suggested improved collaboration, monitoring, and maintenance by the higher authorities. Some of them discuss establishing a new classification of the local governments, especially in Paurashava. Moreover, they added that the legal system is not ready for the accrual reform, as most of the legal frameworks are aligned with the cash basis accounting system.

The outcome of the reform stage is still at the preliminary level. In 2022, the FRC announced five levels of the reporting system for statutory bodies. Most of the LG units or their respective accounting personnel are unaware of the concerns. However, the city corporations achieved limited advancement towards the reform with the C4C project of JICA. Thus, it is still in the progressing stage.

Table 29: The Contingency Model (Bangladesh Context)

Contextual variables	Contingency model (Lüder, 2002)	Bangladesh Context
Reform process: adoption of an accrual-based IPSAS		
Stimuli	Financial/economic crisis	Stagflation, High foreign debt of the Central Govt., and dependency on Donors like the IMF, World Bank, and JICA.

	Financial scandals	Inefficiency and Corruption in the Public Sector: Measuring the Actual Performance of LG.
	Prevailing doctrine	NPFM reform requirements.
	Demand for public sector reform	Demand to adopt accrual-based IPSAS by FRC, IPSASB, International agencies, and Donors.
		Addressing the Information Needs of the Users, Especially Donors
		Facilitating Intergovernmental and Global Comparison
		Enhancing Transparency and Accountability
		Limitations of the Existing Cash Basis Accounting System:
Reform Drivers	Government commissions	LGRD Ministry, Ministry of Finance,
	Professional associations	IPSASB, ICAB, ICMAB
	Audit institutions	Controller and Auditor-General of Bangladesh (CAG)
	Standard acting bodies	Financial Reporting Council (FRC)
	Consultancy firms	Domestic CA and IT Firms can facilitate System design and asset valuation, as well as revenue recognition.
	Scholarly networks	PSA Researchers
Political Reform Promoters	Members of the government	President, Prime Minister, and Ministers
	Members of Parliament	Members of the Parliament, Public Accounts Committee (PAC)
		Elected Mayors, Chairman, commissioners, members, Vice President of the respective LG.
Institutional Arrangements	Legal system	The Legal System is not Ready. All are aligned with the Cash basis.
	State structure	The structure is not Ready, especially ICT.
	Administrative structure	The organogram also requires restructuring.
	Functional body	The Accounting Staff's Qualities and Competencies are not ready for the accrual shift. Required Training and Professional Support for the accrual move.
	Administrative culture	The administrative Culture is highly influenced by bureaucracy and Political leaders. There is a significant lack of Leadership Commitment.
Implementation of reform: application of an accrual-based IPSAS		
Reform concept: adoption of an accrual-based IPSAS		
Implementation	Authoritarian	Authoritarian approach/ Top-Down

strategy	Participative	Sufficient participation of the LG representatives in the FRC decision-making process has not been seen yet. A participatory approach and a collaborative mindset are needed.
	Central guidance	FRC advised to adhere to the new reporting guidelines based on IPSAS since 2022. However, A serious commitment from the ministry, FRC, and its guidance is absent. First, need to develop uniform guidelines to practice. Subsequently, design the system with the help of experts, followed by necessary legal adjustments, finally developing the software, and training on the new system.
	Multi-step	Multi Step
Outcomes of the reform		
Reform stage	In progress/completed/ abandoned	In 2022, the FRC announced five levels of the reporting system based on IPSAS. Most of LG is not aware of the fact. The city corporations are trying to implement. A project called C4C among the city corporations has been completed, and it is now being extended. As a whole, it is still in progress, and the progress is slow, haphazard, and Chaotic.

Table: The Contingency Framework of the adoption of accrual-based IPSAS in the Local government of Bangladesh using the contingency model of Lueder (2002).

Source: Lüder (2002), De Silva Lokuwaduge and De Silva (2020)

The present research aims not only to examine the factors influencing accrual reform in the LG of Bangladesh, but also to explore the prospective advantages of implementing these measures. There is an increasing consensus regarding the benefits of implementing accounting changes aligned with the principles of New Public Management (Lapsley et al., 2009). Several scholars argue that the modifications brought by the NPM emphasize the significance of enhancing transparency and decision-making (Brusca & Martínez, 2016). The implementation of a more transparent NPM-driven approach has led to a consensus on the need to improve the accountability of PS organizations. Researchers claimed that the adoption of accrual-based accounting reform will improve PS openness and efficiency (Thi Thanh et al., 2020). The informants contended that IPSAS aims to enhance the quality of financial reporting (FR). IPSAS objectives are to increase accountability and transparency in the public sector (PS) and improve the global comparability of FS. Therefore, the NPM paradigm is highly relevant to the present research situation. The paradigm primarily emphasizes enhancing the capacity of public sector organizations by imitating private sector management techniques.

In summary, the factors affecting the accrual reform in the LG of Bangladesh comprise both the pressure force, as outlined by the institutional theory, and contextual variables, which receive strong backing from contingency theory. More precisely, Luder's FMR model (institutional arrangements). Thus, the pressure force alone cannot be the sole determinant of change in developing nations. The contextual factors also have a significant impact on the transition process. Moreover, the perceived benefits of the reform are relevant to the NPM paradigm. Thus, a theoretical plurality exists. It would be inadequate to comprehend the comprehensive landscape of the current research setting without seeing it together with other relevant theories.

6.5 Triangulation of Findings

Triangulation in research involves combining many data, methods, and perspectives to study an issue. The goal is to evaluate the findings from various methods as well as harmonize the overall understanding from different viewpoints and sources. In the present research endeavor, an initial literature review and government papers provide essential content data. Additionally, a questionnaire was administered to collect quantitative data. Finally, semi-structured interviews with accountants and key informants were conducted to collect qualitative data, which explained the quantitative outcomes and provided a deeper understanding of the research context. The semi-structured interview questionnaire was mainly based on survey results. Additional key informant interviews confirm the findings from the previous phase. To ensure validity, consistency, and robustness, the conclusions from each stage of inquiry are merged here in the interpretation and triangulation phase.

Documentary examination found that local government accounting practices are cash-based and not uniform across similar types of local government, which also significantly falls short of internationally accepted norms. The accountants of LG and Key Informants also believe that the present accounting system is incomplete, repetitive, time-consuming, and non-uniform across similar types of LG Units, which has a greater scope for errors and embezzlement of funds, affecting multiple years, and as a whole, is unable to satisfy user demands, especially donors. The literature review supports that the cash basis has significant limitations in terms of financial information completeness and reliability. The review revealed that the accountant's capacity, infrastructure, legal environment, leadership commitment, Coercive, normative, and memetic pressures, etc., can affect the transformation process. According to the review, the literature identifies various benefits of accrual reform, including enhancements in transparency and accountability, global harmonization, and performance assessment, among others. The review also exposed that factors influencing accrual reformation in line with IPSAS may vary from country to country or from central to local levels. The review finally identified several research gaps. The literature review facilitated the construction of the questionnaire, and SmartPLS was used to analyze the quantitative survey results. The quantitative analysis through SEM demonstrated that the accountant's qualities and competencies, training and professional support, legal framework, leadership commitment, and ICT infrastructure positively influence the accrual reform. The cultural environment was excluded during the early phase of the questionnaire development. Additionally, global accrual transformation and memetic pressure were found to be insignificant according to the PLS SEM results. Thus, the quantitative results of the present study revealed that coercive (EIP) and memetic pressure (GAT) are insignificant factors when compared with normative isomorphism or contextual factors in a comprehensive picture. The quantitative findings additionally demonstrate that the accrual reform has a strong positive impact on transparency, accountability, and local government performance. The findings indicated that the accrual reform has a strong positive effect on transparency, accountability, and comparability.

The external institutional pressure (EIP) was found to be insignificant in the quantitative phase. The results are inconsistent with previous literature outcomes and necessitate further clarification from respondents. Semi-structured interviews were conducted with selected participants and Key Informants to gain a deeper understanding of the early phase and explain the quantitative outcomes. The interviews were analyzed and presented in a thematic narrative analysis manner. Interview findings revealed that current accounting practices are inadequate, inconsistent with international standards, lack digitalization, and fail to satisfy user demands. The interview respondents verified that accountant competencies, legal framework, ICT infrastructure, leadership commitment, professional assistance, and training are the significant positive factors that influence the accrual reform. Few respondents mentioned donor pressure, while others ignored central government or citizen pressure. Respondents argued that, despite significant donor pressures, they received less pressure from the FRC, the central government, the LGRD ministry, or from citizens. The central government and ministries mainly put pressure on compliance with existing rules and circulars rather than enhancing or upgrading the accounting system in line with global best practices or accrual reform. The ministry primarily emphasized compliance with established formats and predominant accounting practices. In this connection, the Key informants argued that the pressure from donors or international boards may be absorbed at the upper level and not passed on to the field level. They also point out the lack of coordination and supervision by higher-level organizations responsible for framing and implementing policies in the LG. The memetic pressure, or copying tendency, is also found to be an insignificant factor in the qualitative phase. In this regard, the key informant stated that, first, the LG accountants are perhaps unaware of the international facts or progress. Second, the key informants stressed that these pressures will not be effective or even backfire unless we prepare them, make them ready through training and professional support, and provide adequate infrastructure to implement such reform initiatives. The qualitative phase revealed that the accrual reform strengthens local government through improved transparency, accountability, performance enhancement, and the measurement, comparability, and meeting of user demand with comprehensive information. The respondents supported that a gradual shift towards accrual is essential.

Therefore, the qualitative findings are entirely consistent with the quantitative results. The three frameworks—NIS, Luder's Contingency Model of Reform, and the New Public Management (NPM) paradigm also support the study's findings, which were discussed in detail in the earlier section of this chapter. Ultimately, it can be argued that the pressure force alone, particularly coercive or memetic pressures, is not as significant as the contextual variables and normative isomorphism in an inclusive representation. Though insignificant, coercive and mimetic pressures may ultimately lead to decoupling, that is, the policy will remain in policy only, without a practical shift. Therefore, the robustness of the research findings was ensured through the use of quantitative survey data, qualitative interview data, literature, theoretical foundations, and documentary evidence. Thus, the application of triangulation for reaching robust and conclusive findings confirms and validates the mixed-method research.

6.6 Chapter Summary

The present research deployed an explanatory sequential mixed-method research design. The data was gathered by the researcher from observation, documentary analysis, questionnaire surveys, and semi-structured interviews with accountants, as well as key informants. The analysis reveals that the present accounting practices of the LG significantly deviate from the international standards and do not even comply with the cash basis of IPSAS. The quantitative analysis through smartPLS software found that the memetic and coercive isomorphism does not significantly influence the accrual reform in the Bangladesh LG, rather the normative isomorphism and institutional capacity-related factors are more significant. In the quantitative phase, the Leadership commitment is identified as the most crucial factor for the reform. The qualitative phases also supported the quantitative results. The experts as well as accountants unanimously said that the direct shift is not possible in the LGs; rather, a step-by-step approach is needed, commencing with uniform practice first. The chapter also discusses the findings of the analysis in the light of the theories and also triangulates the findings. The triangulation of findings also supports one another; that is, quantitative results are well explained and supported by the qualitative findings.

Chapter 07: Key Findings, Implications, and Contribution

7.1 Introduction

This chapter summarizes the key findings derived from empirical research, interviews, and documentary data. After that, the chapter presents a few policy implications and suggestions based on the outcomes of the current study. Afterward, A model has been offered for the execution of accrual-based accounting in conformity with IPSAS in the LG of Bangladesh. Next, the contribution of the study in response to the research gap has been specifically stated. The chapter concludes with sections on the limitations of the study, future research directions, and the conclusion.

7.2 Key Findings of the Study: Responding to the Research Questions

Table 30: Key Findings of the Study

Research Questions	Key Findings
What are the existing accounting practices in the local government of Bangladesh, and to what extent do they harmonize with the international Standards?	• The documentary analysis revealed that LG accounting practices are predominantly cash-based and not uniform among similar LG entities, particularly in terms of record-keeping. The accounting system of LG also deviates significantly from internationally accepted standards. • The accountants of LG and Key Informants also believe that the present accounting system is incomplete, repetitive, time-consuming, and non-uniform across similar types of LG Units, which has a greater scope for errors and embezzlement of funds, affecting multiple years, and as a whole, is unable to satisfy various user demands, especially donors. • Thus, the system is far away from international standards, not even complying with the Cash basis IPSAS. • The literature review indicated that the cash basis exhibits considerable limitations regarding the accuracy, dependability, and completeness of

	financial information. As a result, there has been a shift from the age-old, conventional cash-based accounting system to an accrual-based system, inspired and motivated by NPM.
How and to what extent do different institutional and contextual factors influence conformity with accrual-based IPSAS in the local government of Bangladesh?	• The quantitative outcome of the study via SEM revealed that the qualities and competencies of accountants, training and professional support, legal environment, leadership commitment, and ICT infrastructure, exert a significant favorable influence on accrual reform of the LG of Bangladesh. The study also revealed that coercive (External Institutional Pressure) and memetic pressure (Global Accrual Transformation) exert insignificant influences in comparison to normative isomorphism or contextual elements. The Leadership Commitment is found as the most significant positive factor among all five significant factors, followed by training and professional support. • The interview responses indicated that leadership commitment, competencies of accountants, legal frameworks, ICT infrastructure, professional support, and training are major positive factors influencing the accrual reform. The Key informants also stressed those factors.
What are the perceived benefits of complying with accrual-based IPSAS, and how does adopting accrual-based IPSAS influence the perceived benefits?	• The quantitative results demonstrated that the accrual reform has a significant positive impact on transparency, accountability, and LG performance. The findings also indicated that the accrual reform has positively influenced the transparency, accountability, and comparability. • The qualitative phase indicated that the accrual reform strengthens LG by enhancing transparency,

	accountability, performance, comparison, and satisfaction of user demand through complete information. The respondents further stated that a gradual transition towards the accruals shift is realistic for the LGs rather than a direct shift.
How do the qualitative research approaches justify the quantitative outcomes of the study?	• Several respondents acknowledged significant donor pressure. A few also mentioned that the pressure from the central government regarding the accounting system reform is basically compliance-oriented, related to the existing rules and regulations. In addition, some also stated that there is minimal pressure from the citizens as per as accounting reform concerns. • The key informants argued that pressure from donors or international boards may be mitigated at the upper level and not transmitted to the field level. They also highlight the deficiency in coordination and supervision by higher-level organizations/ authorities tasked with formulating and executing policies in the LG. • The memetic pressure, or tendency to imitate, is considered an unimportant element in the quantitative phase. In this context, the key informants indicated that the LG accountants may be uninformed about foreign developments or improvements in the PSA. The key informants emphasized that the pressures will be ineffective or may even be less productive unless we adequately equip them through training, professional support, and sufficient infrastructure to successfully execute the accounting reform in the LG of BD. • Furthermore, the respondents, especially Key Informants, strongly opined that without creating

	an ideal setting for reform, which includes institutional capacity building and a robust commitment to the reform, mere pressure from resource providers will not facilitate the implementation of accrual accounting in local governance, as they face extensive challenges regarding revenue recognition, asset valuation, project evaluation and other legal concerns. • Therefore, the qualitative findings are entirely consistent with the quantitative results.

7.3 Policy Implications and Suggestions

The empirical results and findings from interviews with accountants and key informants indicated that mere pressure is inadequate to implement the accrual-based IPSAS in the LG of Bangladesh. The findings strongly support that institutional capacity building and commitment to the reform are prerequisites for achieving the desired accrual shift in the LG. Therefore, the results and outcome of the study have important policy implications. The specific suggestions and policy implications are given below:

- **<u>For the Government and other concerned ministries:</u>**

I. Legal Modifications:

The research has empirically demonstrated that the legal framework has a strong influence on the accrual shift. Furthermore, documentary analysis and interviews have indicated that LG currently complies with their respective local government acts, budgetary guidelines, and time-to-time circulars from the government. Additionally, LGs, especially CCs, adhere to the Bengal Municipal Account Rules of 1935, in accordance with the provisions of the Bengal Municipal Act of 1932. The interview findings specified the necessity for legal modifications to back and support the accrual shift. The legal adjustments are necessary for the LGs to enhance their transparency and acceptance. They also indicated a few areas where legal modifications can be done for addressing the various practical constraints in the LG, for instance, concerning the age-old classification rules for Paurashava, lack of supervision, and power conflicts in Upazila Parishads, etc.

The current study suggested that *a panel of experts should be appointed to examine the relevant laws and regulations of LG entities that conflict with the accrual shift and amend the law accordingly.* Furthermore, *legislators need to reconsider the antiquated classifications of Paurashava.* Since the LGs appointed required personnel in LGs based on the existing classifications. And later came across difficulties in providing them with salaries. This ultimately results in several additional obstacles. Therefore, the existing classification system needs to be updated. *The system of classification may also be implemented in Zila Parishads apart from Paurashavas.* The Zila Parishads located in divisional regions or old towns such as Cumilla have a greater volume of transactions than others, rendering the provision of adequate services by a single accountant unfeasible. Furthermore, appropriate legal actions need to be implemented to separate the Upazila administration from the Upazila parishads. The function of the Upazila Nirbahi Officer, who has a tremendous workload in the Upazila administration, makes it difficult for the UNO to efficiently look after the LG matters. The study findings indicate the power conflicts between the UNO and the Chairman of the Upazila. This also complicates the accounting procedures. Therefore, it is suggested that *necessary adjustments to the legislation should be enacted to establish a new secretary position for the Upazila Parishads.* Besides, the educational background and knowledge of public representatives have an impact on accounting practices. So, the minimum educational requirement must be revised in the law. Another important aspect is that there should be *a clear enactment in the laws and rules regarding the consequences for non-compliance with the laws.*

II. Maximize Coordination and Minimize Interdependence

The study findings indicated that key interviewees emphasized a lack of coordination among the relevant ministries and authorities concerning local governance. These hamper the accrual shift process. They also stated that for accrual shift, LG requires accrual information and pointed out that it has interdependence. Therefore, the government should *take measures to enhance coordination among various ministries and authorities and also work to minimize their interdependence.*

III. Infrastructural Development

The research indicated that the infrastructure, particularly the ICT environment, has a significant influence on the accrual shift. Therefore, the government should implement *necessary steps to enhance sustainable infrastructure, particularly in the context of ICT infrastructure development* within the LG.

IV. Enhance Job facilities for Accountants

The field observation specified that the majority of accountants at LG are dissatisfied with the current job facilities and future prospects. They emphasized that if they were unwell, it would affect their ability to provide superior services at the LGs. Besides, they questioned how meritorious students would be attracted to join the LG as accountants if they were assigned to a block post with unattractive future potentialities.

Besides, a significant number of employees are appointed at the LG through the LGRD ministry. Moreover, a few of the accountants come from the OCAG and some other ministries. Thus, the participation of multiple ministries and authorities determines their benefits. Therefore, *necessary measures should be taken to enhance their job benefits, both intrinsic and extrinsic, regarding pension, gratuity, gross salary, and other intrinsic benefits.* In addition, the *joining salary grade of accountants must also be modified*, particularly in Zila Parishads. Additionally, opportunities *for future job prospects* should be provided. Moreover, concentration should also be given *to create more posts in the LG accounting section,* as there is a shortage of manpower in the accounts section of the LGs.

- **For the LGRD ministry:**

The study reveals that current accounting practices are inconsistent among various types of local governments, characterized by manual and repetitive cash basis accounting systems. The absence of coding chart practices complicates digitalization and fund management. Furthermore, training facilities are deficient. Although training is offered, it is limited to specific projects. Additionally, there is a lack of professional engagement and a minimal educational background among public representatives, who are less concerned about the accounting system. The field observation also indicated that the accounting tasks are conducted within the administration departments as a section. Therefore, the accountants exert minimal effect on financial decisions. The study also found a lack of commitment towards the accrual shift, follow-up, and maintenance of the ministry. This later creates financial problems.

Therefore, the study presents the following suggestions for policy implications within the LGs by the LGRD ministry:

I. Uniform Practice

The ministry should provide clear rules and standardized forms, as well as uniform practice guidelines for the accounting practices of LGs by taking help from the experts. Specifying the recording procedures and the names of the required books of accounts to ensure uniformity among similar LGs.

II. Appointment of Accounting Personnel and Ensuring Enhanced Training

The ministry should implement necessary measures to establish more positions and fill the current vacancies in the accounting section with business graduates, particularly those specializing in accounting. Furthermore, for the CCs and large Paurashavas, they may also think about appointing professionals in the top positions or engaging professional accountants in designing the training module with the help of NILG (National Institute of Local Government).

A notable finding of the study is that the respondents believe employees' abilities and competencies significantly influence the accrual shift. Interview Participants indicated that their training is essential, particularly because a large portion of them lack an accounting background. Interview respondents asserted that there are few training arrangements, and even those who received training found it predominantly project-oriented. The respondent believes that elected public representatives should have training in accounting, too, as they make significant financial decisions. Therefore, the ministry should organize enough training through the national institute of LG, that is NILG, for employees on the accounting system and recent developments in the process. Parallelly, the ministry should also provide rigorous training on the proposed new system.

III. Initiate Chart of Accounts (COA)/ Coding Practices

Effective coding practices are essential for digitization and improved fund management. In fact, it's a prerequisite for the digitalization of the accounting procedure. The Ministry needs to take the required measures to implement the account code practices in all LGs.

IV. Take Professional Support

Professional guidance and support are necessary to develop the accrual system, digitize the process, establish priorities, and address the challenges of accrual shifts, such as valuation of assets, revenue recognition, project evaluation, window dressing issues, and unfair loan practices by respective LG through overstatement of their revenues and assets, etc.

Therefore, the ministry can sign a memorandum of understanding with professional accounting organizations such as ICAB or ICMAB, or it may directly engage in contracts with professional accountants or firms to provide support in this regard. Furthermore, the ministry must also involve IT professionals.

V. Digitalization of the Accounting System

Digitalization of the current accounting system is essential before the complete transition to accrual accounting, followed by a uniform cash-based practice within the shortest period of time. It may also be regarded as a prerequisite for the AR. The respondents unanimously emphasized the significance of digitalization for the accrual shift and meeting the user demands for accounting information in time. Therefore, it is highly suggested that appropriate policies and methods must be implemented to digitalize the accounting system in LGs. However, numerous challenges exist within the digitalization process. Whether it should be server-based, similar to IBAS, or desktop-based software, a team of specialists, including IT professionals, certified accountants, and experienced LG accountants, must participate in the digitalization of the accounting process. Once the system is digitalized, it can be gradually updated towards the accrual-based accounting system in line with IPSAS.

VI. Strong Commitment towards the Reform and Follow-Up

The research indicated that leadership commitment has a significant influence on the accounting reform of LG. Since our approach is top-down, the commitment matters a lot. The study’s quantitative findings also identified leadership commitment as the most influential factor. Many of the interview respondents also highlighted the fact that it is all about the will of the top management. The interview findings also indicated that the ministries focus on accountability and transparency issues at a lower priority compared to compliance with the existing rules and circulars. Therefore, it is suggested that decision-makers or relevant authorities should recognize the importance of accounting reform and demonstrate a strong commitment to its implementation. They should also spread awareness of the accrual transition and its necessity to all LGs. Furthermore, the ministry must implement enhanced oversight and follow-up, as well as enforce penalties for noncompliance with the laws.

VII. Cautious about the Accrual Transformation Challenges and the Consequences:

The Ministry should specifically address the challenges associated with accrual reform. The ministry should guide LGs on how to manage concerns such as revenue recognition, asset valuation, project valuation, and improper loan practices with the support of professionals or experts. They should also collaborate and seek support as well as assistance from the central governments, other ministries like FRC, Public Administration, and other government agencies to mitigate the challenges of the accrual shift.

VIII. Open the Accounts Department

The Ministry should implement measures to establish separate accounting departments in all LG instead of the current practice of sections. That may help boost the financial standing of LG accountants when necessary.

IX. Making a Pool for Small Projects

The projects valued at one lakh, and those worth thousands of crores, impose the same pressures on accountants. This dilemma is particularly evident in Zila Parishads. The ministry may issue directives to establish a pool for a few minor projects just for recording purposes, thereby reducing the workload of the accountants of Zila Parishads. However, this policy implication has a few negative consequences too, which require more in-depth analysis.

X. Gradual or Step-by-Step Implementation

The ministry should prioritize the gradual implementation of accrual-based IPSAS in LGs, commencing with the uniform practice, initiating the chart of accounts or coding, and building necessary ICT infrastructure. Followed by the digitalization of the system. Afterward, through professional support, implementing necessary legal adjustments, and developing employee skills through training. Then, made essential updates to the digital software in line with the cash basis IPSAS, followed by gradual modifications to the system that completely adopt accrual accounting. Therefore, the study suggested the implementation of a sequential adoption approach in the LGs (de Azevedo et al., 2020).

For FRC:

The analysis clearly indicates that external institutional pressure will not yield the desired outcomes without a conducive implementation environment. The study also exposed an absence of cooperation, coordination, and information flow among the FRC, the ministry, and the LGs. The respondents unanimously believe that a direct shift is not feasible. They supported a gradual transition towards the accrual system. Therefore, the FRC should take the required steps to develop coordination across the ministries and monitor the implementation process. The FRC should spot the uniqueness of LG in comparison to other SPAs. Thus, the FRC should develop a separate accrual implementation plan for LGs that involves gradual or stepwise adaptations. Though the FRC has directed the LGs to practice five tiers of reporting criteria. Nevertheless, it is not enough. FRC should do a systematic analysis and give continuous backing with its available capacity in the accounting system upgradation process, especially for LGs. Moreover, a few Key Informants pointed out the shortage of skilled manpower in the FRC. Therefore, FRC should also hire competent professionals to support the accrual execution process in the LGs.

For the LGs:

The LG functions as an autonomous body and independent entity. Therefore, they have significant opportunities to improve their accountability by their own initiatives. The elected public representative plays a vital role in this context. The accountability practices will help them shape their public image. Therefore, it is suggested that politicians should take the initiative at the municipal level to enhance systems for accounting. Furthermore, they can start digitalization efforts and recruit well-trained accountants by themselves, provided that they can manage the necessary funding from their own sources of revenue. Another important suggestion for the LGs is that they should be committed to legal compliance. Additionally, they should provide timely financial reports and budgets to the authorities.

The implementation of an accrual shift necessitates a comprehensive transformation across all facets of the business; hence, the accounting department cannot adopt the new system without timely accrual information from all other departments and sections. Therefore, all departments and sections of the respective LGs must be aware of the transition and their respective responsibilities in the reform process.

7.4 A proposed model for the Accrual Accounting Implementation in LG

The shift from cash to accrual accounting in the PS is a critical process, evident worldwide. Specifically, it is more complex in a developing nation like Bangladesh, as such nations face many contextual challenges, including inadequate infrastructure, a shortage of sufficiently trained accounting personnel, weak legal frameworks, and leadership commitments. In contrast, the developed country has already met those standards. As a result, policies are made and followed. But in the context of developing nations, PSA reforms, especially in LGs, are not straightforward. The same is also true for the accrual shift in the LG of Bangladesh, as supported by the complementary findings of the study.

Both the quantitative and qualitative phases of the present study have supported the accrual shift in the LG of Bangladesh to improve transparency and accountability, and to facilitate global comparison. The first phase of the present study found that Leadership commitment is the most crucial factor for the reform. Then the next critical factor is training and professional support. The experts and LG accountants unanimously said that the direct shift is not possible in the LGs; instead, a step-by-step approach is required, commencing with the uniform practice. They also stressed the necessity of digitalization for more prompt service delivery and identified it as a prerequisite for the reform. The interview respondents noted that since our PS organization operates in a top-down manner, a firm commitment from the upper levels is essential. However, they argued that there is a question whether the LG authorities are sincerely committed to the accrual reform. Therefore, after a detailed literature and documentary review, field observations, and a review of the study's findings, the model has been proposed for accrual implementation in the LG of Bangladesh.

The research findings revealed that without the emphasis of the top authority on accountability and transparency issues, and without their positive approach towards accrual practices, the transition towards accrual in the LG is extremely difficult. Therefore, it is suggested by the study that decision-makers or relevant authorities must recognize, address, and communicate the importance and need for the accrual reform, and they should demonstrate a strong commitment to its implementation. Thus, the proposed accrual implementation model demonstrates that the first step towards the reform should be the LGRD ministry's sincere commitment towards the accrual move, along with the strong commitments and support from the central government, MOF, other relevant ministries, and FRC.

The top authorities should also spread awareness of the accrual transition, its necessity to all LGs, and inspire them towards the transition through many incentives and techniques, like more allocation of ADP, an award for compliance, etc. Here, the central government and politicians have a pivotal role. The government, ministries, or FRC should prioritize the gradual implementation of accrual-based IPSAS in LGs, rather than a direct shift. However, a few steps towards the accrual can be performed simultaneously.

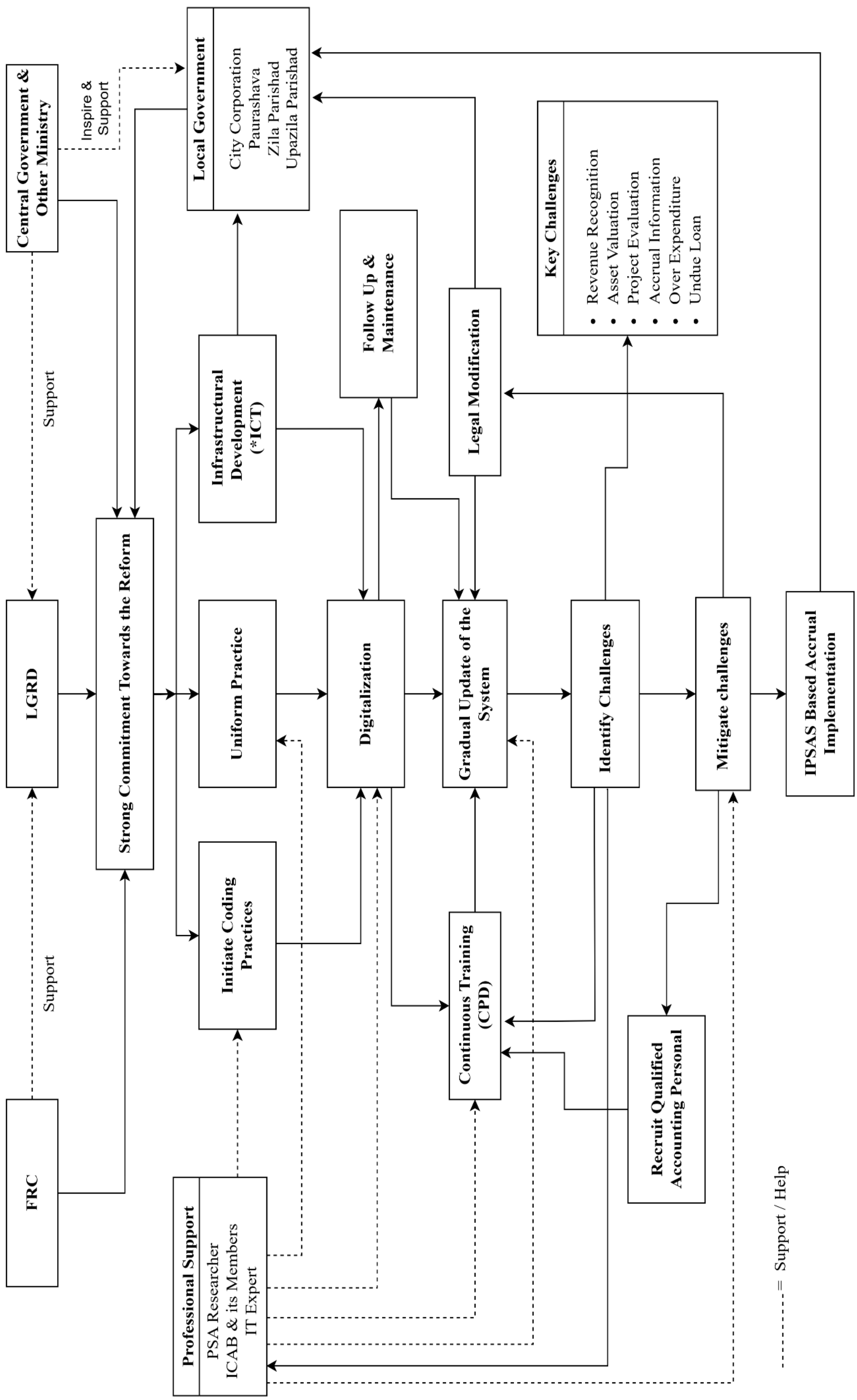


Figure 18: Sequential Progressive Model of Accrual Implementation in LGs

The step-by-step approach can then proceed to an initiative by the LGRD ministry for *uniform practice* in a similar type of LGs, *with the support of professional experts.* While designing the uniform practice for similar kinds of LGs, the LGRD ministry *should initiate the chart of accounts or coding* and build the *necessary ICT infrastructure*. After reaching a uniform standard along with the required ICT facilities then the next step should be *the digitalization of the system* with the *help of accounting professionals and IT experts.* Afterward, *through professional support,* the ministry should arrange *continuous training* to enhance employee skills. Then, made essential *updates to the digital software* in line with the cash basis IPSAS, followed by *gradual modifications to the digital software* that are compatible with adopting accrual accounting. While updating the system, the concerned authority should also *implement the necessary legal adjustments.* The modifications and upgradation of the digitalized software is the most crucial phase of the reform. In this phase, the LGRD ministry should *identify the challenges of the accrual reform* and *give directions to the LGs on how to tackle these challenges* with the *support of the experts.* Some challenges can be mitigated *through recruiting skilled employees* by the ministry or respective LGs, some can be *mitigated through legal modifications*, and some other challenges can be addressed by many *standard practices and guidelines* followed by other developing nations. Moreover, to tackle these modification challenges, *continuous monitoring of the ministry and its collaboration with experts, other stakeholders, and authorities are crucial.*

Therefore, the model suggested the implementation of *a sequential adoption approach* in the LG of Bangladesh. The cornerstone of the model is the strong commitment, support, and collective efforts of all of the entities/authorities mentioned in the model.

7.5 Contribution of the Study

The study of Bruno (2020) claimed the absence of a clearly defined model for implementing accrual accounting across the governmental sector. As each nations have a distinct contextual environment (Argento et al., 2018). Researchers stressed that future investigations may focus on broadening the temporal and geographical range of the studies to achieve better outcomes (Thi Thanh et al., 2020). Alghizzawi and Masruki (2019) also emphasized that future research should include participants from other government agencies to guarantee the implementation of accrual accounting across the whole public sector. Moreover, researchers advocate that a more insightful data collection method might be implemented through interviews, enabling respondents to express their thoughts on accrual accounting (Dianto & Aswar, 2020). The researchers argued that interviews offer a more thorough comprehension of the inquiries presented, which allows the researcher to resolve any potential ambiguities. Moreover, Van der Voet et al. (2016) stated that a quantitative method facilitates the analysis of relationships among critical aspects. they emphasized that both qualitative and quantitative research can enhance the field. Jorge et al. (2021) also emphasized the need to acknowledge the complementary nature of these two research methods. Since the questionnaire was deemed inadequate for addressing this specific topic, interviews will be required for further investigation. Besides, the researchers specifically stated that further investigations into IPSAS adoption should be conducted at the LG level (Argento et al., 2018; Mnif & Gafsi, 2020; Obara & Nangih, 2017). Therefore, the study endeavor may contribute to the literature and practice in many ways in this context. These are presented below by explicitly addressing the research gap.

7.5.1 Theoretical Contributions

The theories applied by the researcher were predominantly taken from various fields due to the lack of indigenous theories for the PSA study. As a result, the theory failed to integrate the complex aspects of PS. Thus, the earlier studies employed many theories. Consequently, there existed a huge possibility to assess, augment, and critique the theories utilized in the PSA reform research. The Neo-Institutional Sociology (NIS) elucidates the motivations and inferences of swift transformations intended to align with the standards of developed countries that hold sophisticated accounting frameworks, specialized educational programs, and training (Aldarmaki, 2013; Rajib et al., 2019). In the context of developing nations, it remains unknown if pressures for change will lead to the rapid and thorough adoption of IPSAS. The outcomes of the reform process influenced by institutional pressure may differ across many governments (Albu et al., 2014). Thus, the theoretical framework for analyzing the factors that influence accrual reform or IPSAS adoption includes both institutional and situational elements. An organization’s internal institutional and contingency features may affect accrual reform; still, these characteristics can also be shaped by external institutional pressures (Mbelwa, 2015). Therefore, the current study demonstrated the relevance of multiple theories in analyzing the factors influencing the accrual reform.

The study offered a novel framework for analyzing the factors that affect the accrual reform, combining two major theories: Neo-Institutional Sociology and Luders' Contingency Model (2002), and also urged the necessity for theoretical pluralism in PSA reform *research. The study also provides a sequential progressive model of accrual implementation in LGs, which also has the potential to significantly contribute to the literature and theories.*

7.5.2 Methodological Contributions

In the literature review chapter, the study identified that extensive research has been undertaken on PSA reform at the central government level. Nevertheless, in developing countries, further research is required on PSA reform grounded in IPSAS at the organizational tier, particularly within LG entities. Therefore, a significant population and contextual gap is present. In the era of advanced methodologies, such as SEM, simple regression will not yield comprehensive outcomes considering the inclusive effects of the factors. Therefore, future research may investigate the application of sophisticated statistical methods to determine causal relationships and assess the adoption of IPSAS across different countries (Schmidthuber et al., 2022). Therefore, a significant population and methodological gap remain in the existing literature.

The current research was conducted in the LG of Bangladesh *using an explanatory sequential mixed-method approach that incorporates questionnaires, interviews with LG accountants, documentation analysis, and key informant interviews. The quantitative data are analyzed using SmartPLS software applying SEM, while the qualitative outcomes are examined through thematic narrative analysis and in light of leading theories. Therefore, to the best of the researcher's knowledge, this study is a unique attempt in Bangladesh and also rare in a worldwide context. Therefore, it makes a major contribution to the methodology by following a complementary approach and also fills the contextual as well as population Gap.*

7.5.3 Empirical Contributions

As previously mentioned, there is a shortage of empirical information about the global phenomena of accrual shifts in LGs.

The study presents empirical evidence, subsequently supported by qualitative data, indicating that *memetic pressure or coercive pressure is insignificant in the context of LGs in developing nations* regarding the actual move towards accrual-based IPSAS compliance. *The study empirically demonstrated that institutional capacity building (legal, infrastructure, and human resources), along with strong top management commitment and normative pressures, are the significant factors for the LGs in developing nations.*

Furthermore, previous study lacks empirical evidence about the impact of memetic influences on the accounting reform of LGs. *The current study introduced the Global Accrual transformation as a mimetic factor for the first time, built on theoretical (NIS-Memetic Isomorphism) and literature support.*

Moreover, a significant contribution of the study is the measurement scale, namely the questionnaire. This was derived from a rigorous and painstaking study of prior research and theoretical frameworks. And go through the face validity assessment, pilot survey, and evaluations by language specialists. Subsequently, the issues related to validity, reliability, and multicollinearity were confirmed. Therefore, the questionnaire instrument can be utilized again by others and yield a significant contribution for future studies.

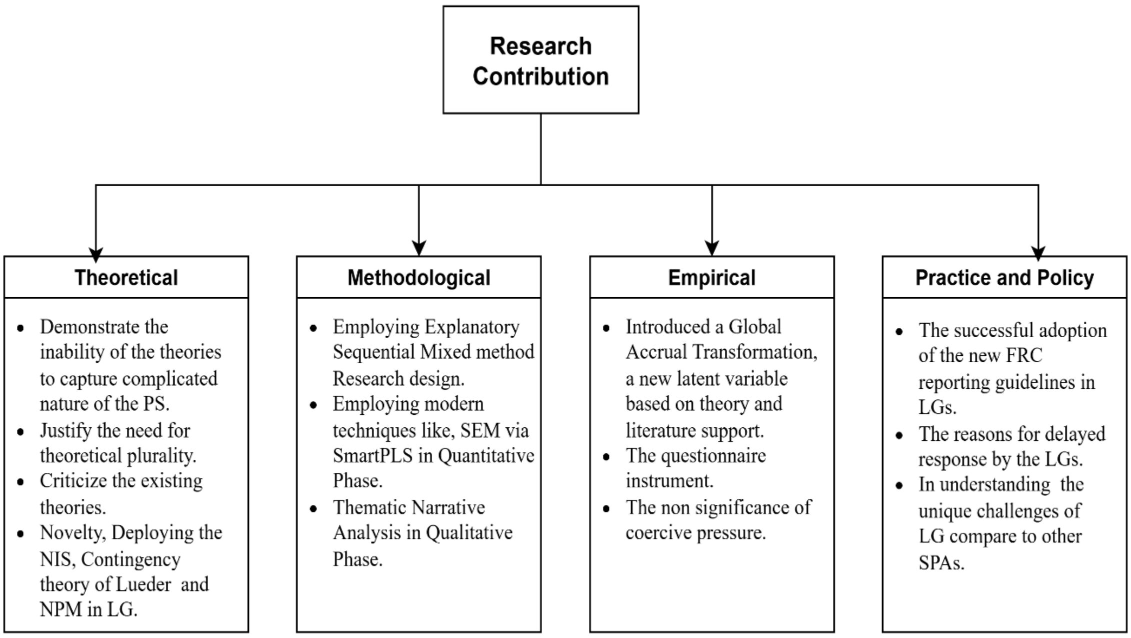


Figure 19: Specific Contribution of the Study in Response to the Research Gap

7.5.4 Practical and Policy Contribution

Numerous instances occurred in which the reform failed to grasp its expected outcomes (Bakre et al., 2022; Caruana & Grima, 2019; Laswad & Redmayne, 2015). Therefore, the debate continues. These present enough opportunities to enhance the current literature and address the controversy. Besides, the FRC's moves for modifying the reporting practices in SPAs give ample opportunities to contribute at the policy level. *So, the study has practical and policy relevance to make a significant contribution to the successful adoption and execution of accrual reform in the PS or LG in emerging nations, as well as the real* *implementation of the FRC guidelines in the LG, an SPA in Bangladesh. The study will help policymakers to understand the True Scenario of LGs and the significance of various factors influencing the reform process. The results and suggestions of the research offer policymakers crucial insights into the implementation of the accrual shift in LGs. Furthermore, the findings of the study and its specific suggestions will facilitate the understanding of the practical reasons for LGs' noncompliance with FRC directives.*

7.6 Limitations of the Study and Future Research

- Exclusion of the Union Parishads is a limitation of the study, as they lack individuals capable of adequately responding to the questionnaire. Besides, the researcher also believes that it will be too early to consider Union Parishads for the accrual shifts.
- The geographical, educational, and cultural disparities among respondents may be another limitation of the study. The respondents are involved with various forms of LGs across different parts of the country. To address this, the researcher assures that respondents have a fundamental understanding of the accrual basis. In addition, follow the recommended strategies outlined in the literature to mitigate common method bias during the interview time.
- Another limitation of the study is its extensive scope, which includes all forms of LGs, excluding Union Parishads, such as City Corporations, Zila Parishads, and Upazila Parishads. As a result, the scope of the research became so big.
- The COVID-19 pandemic, political instability, and flooding prolonged the data collection procedure, affecting the researcher's mental well-being and requiring communication. However, the researcher did his level best to minimize these effects on the outcome of the study.

However, the researcher tried his best to minimize the effects of the limitations on the study outcome.

Future Studies may be carried out on-

- In other emerging countries.
- How the Automation of LG can be achieved through applying grounded theory.
- The present research covers four LG units; in the future, more rigorous research on accrual implementation may be carried out on the Specific LG Unit.
- It can be carried out on large samples to get a more generalizable result.

- Considering other unexplored factors like cost, culture, and organization traits, etc., applying SEM or other state-of-the-art research tools and techniques.
- Mediation and Moderating Relationships among the factors identified in the thesis.

7.7 Conclusion

LGs are a crucial and integral part of the central government and a significant catalyst for the economy; nonetheless, they are often overlooked by policymakers when it comes to accountability and transparency in these organizations. The manual cash basis record-keeping practices of LGs deviate from international norms and fail to provide detailed and timely information to the users of financial information. Consequently, the introduction of accrual accounting has become more relevant. However, it is not that simple or straightforward for an LG to introduce accrual practices as it faces critical issues and challenges in revenue recognition, asset valuation, project progress evaluation, employee shortages, and the presence of non-accounting graduates in accounting roles, along with several institutional and contextual factors. In 2022, for the first time, FRC provided a reporting framework for SPAs, which is a commendable step. FRC directed SPAs to comply with the newly established reporting standards based on IPSAS/IFRS. However, FRC initiatives are still struggling as they fail to consider the real context of LG and without understanding its unique features.

The concept of decoupling more precisely elucidates the current phenomenon in LG. In Neo-Institutional Sociology, "decoupling" refers to the discrepancy between an organization's stated actions and its actual conduct. This arises when organizations establish guidelines to follow but fail to implement them in practice. The FRC promulgated four accrual basis and one cash basis reporting framework for SPAs, including LGs; the initiatives exist solely within the policies to date for the LG. Neither the ministry nor the LGs are aware of it and are cooperating with it. Perhaps the reasons for implementation difficulties can be attributed to many institutional and contextual factors. The present research offers robust evidence to policymakers that the first priority should be the establishment of a supportive environment for the accounting reform in LGs. Research suggests that encompassing sufficient ICT infrastructure, updated legal frameworks, improved training facilities, appointment of skilled accounting personnel, engaging professionals and their strong support, and a sincere leadership commitment to reform are the crucial factors for the successful implementation of accrual reform in the LGs of

Bangladesh. Thus, without creating a favorable implementation environment, sheer pressure from FRC or Ministry or Donors or Government or mimetic tendency, that is, whether the pressure is coercive or mimetic, would not yield the intended results. Therefore, the FRC plan for aligning with the international best practices will remain merely a policy unless the FRC addresses the contextual aspects of LGs.

It is evident from this research endeavor that the adoption of accrual accounting in accordance with international standards is crucial. We are losing numerous investments or project funding from donors due to insufficient transparency. Furthermore, we are constantly combating corruption. Therefore, it is essential to implement timely and complete accounting practices in the LGS that conform to international standards, as the updated accounting system will significantly enhance the transparency, accountability, and comparability of financial information in LGs, as demonstrated in this study.

In a nutshell, given the existing situations of the LGs and the associated challenges, a sequential approach is necessary rather than a radical accrual shift. The complementary findings of this research also call for the execution of a sequential or step-by-step progressive approach as presented in the thesis. The researcher believes that the study outcomes will facilitate the adoption of accrual accounting in LGs in Bangladesh to conform to international standards. The findings may also assist in understanding the PSA reform environment of the LG or the Central Government of other emerging nations.

The present study endeavor is a small attempt to address the critical and crucial issues in the PSA. The researcher therefore strongly recommended that the academics and PSA researchers should come forward to explore this dynamic and central research phenomenon of the accrual-based PSA reform.

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9.0 Appendices

Appendix 1: Questionnaire.

Questionnaire (Academically Confidential)

Dear Madam/Sir

Greetings. I am delighted to inform you that I have been pursuing my PhD research on **"Conformity of Accounting Practices with International Standards in the Local Government of Bangladesh"** under the supervision of Professor Mahfuzul Hoque, PhD in the Department of Accounting and Information Systems, University of Dhaka.

To bring public sector accounting (PSA) practices in line with international standards, a decade ago, the government of Bangladesh agreed to implement cash basis International Public Sector Accounting Standards (IPSAS) among the core ministries and specialised organisations, then gradually move to the implementation of the complete accrual-based accounting system. Nonetheless, we are experiencing difficulties in executing the proposed accounting reforms based on IPSAS. As a result, we have to rely on a cash-based accounting system that falls far short of international standards. Therefore, the study's primary objective is to identify the factors influencing the accrual accounting reform based on the IPSAS in the local government of Bangladesh. Moreover, the study will consider the potential benefits of such accounting reforms.

The questionnaire will take approximately 20 minutes to complete. This survey requires no disclosure of any sensitive information from you or from your organisation. And the study will not personally identify any respondents. I assure you that your response will be used solely for academic purposes, and all sorts of confidentiality will be maintained. Therefore, I believe you will give your best relevant response in each questionnaire item with a tick (☑)mark. Your kind cooperation will allow me to finish my PhD research on time.

Best Regards

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Section A. Demographic Information (Please tick the appropriate box or write your answer in the space):

1. Your Highest educational level: □ Bachelor □ Masters □ Doctoral □ Professional Degree □ Others
2. Your current working place: □ Zila Parishad □ City Corporation □ Upazila Parishad □ Pourasava
3. Your current designation: ………………………………
4. How long (In years) have you been working for this organisation?
5. □ 0 - less than 5 □ 5 - less than 10 □ 10 - less than 15 □ 15 - less than 20 □ above 20
6. Are you involved in the budget preparation process? □Yes □ No
7. Are you involved in the financial statement preparation process? □Yes □No
8. How many years of in-service training have you received so far in accounting and related software:

Section B. This section is to understand your feelings on each statement. In the following sentences, a Likert Scale is provided where 1 indicates the lowest agreement, and 5 the highest agreement [Strongly Disagree (SD) = 1, Disagree(DG) = 2, Neutral (NE) = 3, Agree (AG) = 4, Strongly Agree (SA) = 5].

(Please tick the appropriate circle on each scale)						
Your Feelings Regarding the Factors Influencing the Accrual Accounting Reform in the Bangladesh LG						
Qualities and Competencies of Accountants (QCA)		**SD**	**DG**	**NE**	**AG**	**SA**
QCA 01	The high level of academic qualifications of the accountants helps them to understand and apply the new accounting techniques in the organization.	①	②	③	④	⑤
QCA 02	Job experience enables an accountant to contribute more to the accounting reform processes.	①	②	③	④	⑤
QCA 03	An accountant's ability to use information technology influences the accounting reform processes.	①	②	③	④	⑤
QCA 04	An Accountant's professional knowledge, e.g., knowledge of government accounting, accounting standards, principles, etc., can contribute to the successful implementation of the accrual accounting reform.	①	②	③	④	⑤
Training and Professional Support (TPS)		**SD**	**DG**	**NE**	**AG**	**SA**
TPS 01	The public sector accountant's training policy influences the accounting reform of the Bangladesh local government.	①	②	③	④	⑤
TPS 02	Employee Participation in professional courses, seminars, and workshops is necessary for successfully implementing the accounting reform.	①	②	③	④	⑤

TPS 03	The recruitment of well-qualified and trained personnel helps in the successful implementation of accrual accounting reforms.	①	②	③	④	⑤
TPS 04	Professional Support from consultants is necessary for designing and implementing accrual financial and cost accounting systems.	①	②	③	④	⑤
TPS 05	Assistance from international accounting bodies and experts is required to help the employees understand and apply the accrual reforms.	①	②	③	④	⑤
TPS 06	To successfully implement the accrual accounting reform, sufficient support is required from national accounting professional bodies like ICAB, ICMAB, FRC, etc.	①	②	③	④	⑤
Level of Information and Communication Technology (ICT)		**SD**	**DG**	**NE**	**AG**	**SA**
ICT 01	Information technology, e.g., sufficient software, hardware, networks, and data line speed, accelerates local government accounting reform.	①	②	③	④	⑤
ICT 02	The ICT infrastructure needs to be continuously updated to comply with the requirements of the accounting reform.	①	②	③	④	⑤
ICT 03	User-friendly information and communication technology (ICT) is necessary to meet various user needs for successful accounting reform.	①	②	③	④	⑤
ICT 04	ICT is necessary for providing accurate and complete accrual financial reports.	①	②	③	④	⑤
Legal and Political Environment (PLE)		**SD**	**DG**	**NE**	**AG**	**SA**
PLE 01	The legal framework of public financial management (PFM) affects the reform process.	①	②	③	④	⑤
PLE 02	The rules and standards on public financial management announced by the accounting standard issuing body (e.g., FRC, ICAB) can affect the reform process.	①	②	③	④	⑤
PLE 03	Local laws need to be adjusted to successfully implement the accrual accounting reform in the local government.	①	②	③	④	⑤
PLE 04	The proper enforcement of internal regulations facilitates the accounting reform processes.	①	②	③	④	⑤
Leadership Commitment (LC)		**SD**	**DG**	**NE**	**AG**	**SA**
LC 01	Top management and other related parties, e.g., the Ministry of Finance, LGRD, OCAG, FRC, etc., need to set clear objectives, plans, and strategies to successfully implement the accrual reform.	①	②	③	④	⑤
LC 02	Top management and other related parties need to reduce the barriers to accrual reform.	①	②	③	④	⑤
LC 03	Top management and other related parties need to promote the accrual concept and the importance of transforming to accrual accounting.	①	②	③	④	⑤
LC 04	Top management and other related parties can work together to improve the organizational culture and	①	②	③	④	⑤

	legislative environment for successful accounting reform.					
LC 05	The successful implementation of accrual accounting requires delegation of authority and improved employee independence.	①	②	③	④	⑤
External Institutional pressure (EIP)		**SD**	**DG**	**NE**	**AG**	**SA**
EIP 01	The professional accounting board (e.g., INTOSAI, IFAC, IPSASB, and ICAB) pressure accelerates the local government accounting reform progress.	①	②	③	④	⑤
EIP 02	Donors, e.g., World Bank, ADB, IMF, etc., pressure accelerate the local government accounting reform progress.	①	②	③	④	⑤
EIP 03	The central government's pressure accelerates the local government's accounting reform progress.	①	②	③	④	⑤
EIP 04	The Citizen Forum's (e.g., Sujon) pressure for accountability and transparency accelerates the local government accounting reform progress.	①	②	③	④	⑤
Global Accrual Transformation (GAT)		**SD**	**DG**	**NE**	**AG**	**SA**
GAT 01	Accrual accounting reform based on International Public Sector Accounting Standards (IPSAS) is an international benchmark for modernizing the government accounting system.	①	②	③	④	⑤
GAT 02	The adoption of accrual accounting (IPSAS) by International governmental organizations encourages the accrual accounting reform of Bangladesh's local government.	①	②	③	④	⑤
GAT 03	The developing nations' local governments, e.g., Malaysia, Indonesia, etc., initiatives for accrual accounting reform encourage the accrual accounting reform of Bangladesh's local government.	①	②	③	④	⑤
Statements Related to Accrual Reform (AR)		**SD**	**DG**	**NE**	**AG**	**SA**
AR 01	Accrual accounting reform initiatives of local governments comply with the demands of international organizations and development aid providers.	①	②	③	④	⑤
AR 02	Accrual accounting reform is necessary to harmonize with international accounting practices.	①	②	③	④	⑤
AR 03	The Accrual accounting system provides useful information to users in line with international accounting practices.	①	②	③	④	⑤
AR 04	Accrual accounting gives a better financial integrity assurance than cash or modified cash-based accounting.	①	②	③	④	⑤
AR 05	Accrual accounting is more effective than cash or modified cash-based accounting in preventing corruption.	①	②	③	④	⑤
Your Feelings Regarding the Benefits of the Accrual Accounting Reform						
Transparency, Accountability, and overall Performance (TAP)		**SD**	**DG**	**NE**	**AG**	**SA**
TAP 01	The transition to accrual practice will promote transparency and accountability of government stakeholders.	①	②	③	④	⑤

TAP 02	Accrual accounting reform will improve financial reporting quality (Reliability and comprehensiveness).	①	②	③	④	⑤
TAP 03	The transition to accrual accounting will assist the public sector in focusing on and obtaining feedback on the actual performance of the local government units.	①	②	③	④	⑤
TAP 04	Accrual accounting reform will boost the confidence of local and foreign investors in the local government's economic performance.	①	②	③	④	⑤
Comparability (COM)		**SD**	**DG**	**NE**	**AG**	**SA**
COM 01	Accrual accounting reform will enhance the comparability of financial information among countries.	①	②	③	④	⑤
COM 02	IPSAS-based Accrual accounting reform will enable governments to provide comparable qualitative data to international governmental organizations, e.g., European Commission, OECD, IMF, and World Bank.	①	②	③	④	⑤
COM 03	Accrual accounting reform will facilitate the consolidation of the financial statements of different groups of countries.	①	②	③	④	⑤
COM 04	Accrual accounting reform will significantly help the government compare government units, e.g., District Council, City Corporation, Upazila, Paurashava performances.	①	②	③	④	⑤

!!THANK YOU VERY MUCH, SIR, FOR YOUR VALUABLE TIME AND KIND COOPERATION!!

Appendix 2: The FRC Reporting Guidelines.

Accounting Standards Framework for SPAs	
Standards	***Entities***
Level 1: IFRS*/ Accrual Basis IPSAS	• Large scale of operation (Revenue> BDT 100 crore)
Level 2: Simplified Accrual Basis IPSAS	• Big scale of operation (Revenue > BDT 50 crore) or Elect to be in a higher level
Level 3: Simple Accrual Basis	• Medium scale of operation (Revenue ≤ BDT 50 crore) or • Elect to be in a higher level
Level 4: Modified Accrual Basis	• Small scale of operation (Revenue ≤ BDT 30 crore or gross assets > BDT 10 crore) or • Elect to be in a higher level
Level 5: Cash Basis	• Very small scale of operation (Revenue ≤ BDT 5 crore and gross assets not more than 10 crores) or • Elect to be in a higher level

6. Criteria of different levels of Financial Reporting Formats (FRF) for SPAs

Stage	Basis/ References	Statements to be included	Purpose/ Objectives
Level 1	IFRS or Accrual Basis IPSASs – Published by IASB and IPSASB in 2022 and continuously updated.	1. Statement of Financial Position 2. Statement of Profit & Loss and Other Comprehensive Income 3. Statement of Changes in Equity 4. Statement of Cash Flows 5. Notes to the Financial Statements 6. Statement of Budget vs Actual	To fulfill the information expectation of all stakeholders- administrative ministry, auditors, lenders, international agencies, WB, ADB, other regulators, suppliers, and service recipients of large SPAs.
Level 2	Simplified Accrual Basis IPSASs – Based on the SMEGA guideline published by UN and IASB in 2004, updated by FRC as of 2022.	1. Statement of Financial Position 2. Statement of Comprehensive Income 3. Statement of Changes in Funds 4. Statement of Cash Flow 5. Notes to the Financial Statements 6. Statement of Budget vs Actual	Simplified but covering all the basic principles of IPSAS would make the Financial Statements of higher quality and deliver a better picture of an entity's performance and position in monetary terms.
Level 3	Simple Accrual basis – Published by UN in 2009, updated by FRC as of 2022.	1. Balance Sheet 2. Income Statement 3. Cash Flow Statement 4. Notes to the Financial Statements 5. Statement of Budget vs Actual	Governmental agencies have two key objectives: to a) demonstrate whether resources are being used to provide the target audience with the services. B) And whether according to legally adopted budgets. An accrual basis will serve these purposes.
Level 4	Modified Accrual based on US Govt. Accounting Standard Board (GASB) issued Standards.	4. Balance Sheet 5. Income Statement 6. Statement of Receipts and Payments 4. Notes to the Financial Statements 5. Statement of Budget vs Actual	Modified accrual basis is a combination of both accrual and cash basis. This method helps entities to keep track of long-term assets and liabilities and simplifies the preparation of income statements. It will significantly help the gradual shift from cash to accrual.
Level 5	Cash basis- Prepared by FRC aligning with IPSAS Cash Basis Standard	1. Receipts & Payments (R&P) Statement 2. Notes to the R&P Statement 3. Statement of Budget vs Actual 4. Fixed Assets (FA) Schedule from FA Register	To bring uniformity, consistency, and discipline in financial reporting, FRC has prepared level 5 Cash Basis FRF for very small size entities.

Appendix 3. List of IPSAS.

IPSAS 1 PRESENTATION OF FINANCIAL STATEMENTS

IPSAS 2 CASH FLOW STATEMENTS

IPSAS 3 ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

IPSAS 4 THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES KB)

IPSAS 5 BORROWING COSTS

IPSAS 6 CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS KB)

IPSAS 7 INVESTMENTS IN ASSOCIATES

IPSAS 8 INTERESTS IN JOINT VENTURES

IPSAS 9 REVENUE FROM EXCHANGE TRANSACTIONS

IPSAS 10 FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES

IPSAS 11 CONSTRUCTION CONTRACTS

IPSAS 12 INVENTORIES

IPSAS 13 LEASES

IPSAS 14 EVENTS AFTER THE REPORTING DATE

IPSAS 15 FINANCIAL INSTRUMENTS: DISCLOSURE AND PRESENTATION

IPSAS 16 INVESTMENT PROPERTY

IPSAS 17 PROPERTY, PLANT, AND EQUIPMENT

IPSAS 18 SEGMENT REPORTING

IPSAS 19 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

IPSAS 20 RELATED PARTY DISCLOSURES

IPSAS 21 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

IPSAS 22 DISCLOSURE OF FINANCIAL INFORMATION ABOUT THE GENERAL GOVERNMENT SECTOR

IPSAS 23 REVENUE FROM NON-EXCHANGE TRANSACTIONS (TAXES AND TRANSFERS

IPSAS 24 PRESENTATION OF BUDGET INFORMATION IN FINANCIAL STATEMENTS

IPSAS 25 EMPLOYEE BENEFITS

IPSAS 26 IMPAIRMENT OF CASH-GENERATING ASSETS

IPSAS 27 AGRICULTURE

IPSAS 28 FINANCIAL INSTRUMENTS: PRESENTATION

IPSAS 29 FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT

IPSAS 30 FINANCIAL INSTRUMENTS: DISCLOSURES

IPSAS 31 INTANGIBLE ASSETS

IPSAS 32 SERVICE CONCESSION ARRANGEMENTS: GRANTOR

IPSAS 33 FIRST-TIME ADOPTION OF ACCRUAL BASIS INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS)

IPSAS 34 SEPARATE FINANCIAL STATEMENTS

IPSAS 35 CONSOLIDATED FINANCIAL STATEMENTS

IPSAS 36 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

IPSAS 37 JOINT ARRANGEMENTS

IPSAS 38 DISCLOSURE OF INTERESTS IN OTHER ENTITIES

IPSAS 39 EMPLOYEE BENEFITS

IPSAS 40 PUBLIC SECTOR COMBINATIONS

IPSAS 41 FINANCIAL INSTRUMENTS

IPSAS 42 SOCIAL BENEFITS

IPSAS 43 LEASES

IPSAS 44 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

IPSAS 45 PROPERTY, PLANT, AND EQUIPMENT

IPSAS 46 MEASUREMENT

IPSAS 47 REVENUE

IPSAS 48 TRANSFER EXPENSES

IPSAS 49 RETIREMENT BENEFIT PLANS

IPSAS 50 EXPLORATION FOR AND EVALUATION OF MINERAL RESOURCES

INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARD: FINANCIAL REPORTING UNDER THE CASH BASIS OF ACCOUNTING - ISSUED IN 2017

INTRODUCTION TO RECOMMENDED PRACTICE GUIDELINES

RPG 1 — REPORTING ON THE LONG-TERM SUSTAINABILITY OF AN ENTITY'S FINANCES

RPG 2 — FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

RPG 3 — REPORTING SERVICE PERFORMANCE INFORMATION

Source: https://www.ipsasb.org/publications/2025-handbook-international-public-sector-accounting-pronouncements.

Appendix 4: Cash Basis IPSAS.

Table 1: Summary of the requirement for cash-basis IPSAS and related qualitative benefit

Cash-basis IPSAS Requirement	Issues for Reporting	Benefits	Qualitative/usefulness Consideration
PART 1: Mandatory			
1. Presentation & Disclosure **a. Financial statement**	i. Cash and receipt payment	-recognition of all cash receipts, payment and balances -identification of payment by third parties -comprehensive information	-faithful representation, usefulness, relevance, understandability
	ii. Accounting policies	financial statement & note	faithful representation, decision usefulness, relevance
	iii. Approved budget	comparison of budgeted and actual amounts	comparability, relevance
	iv. disclosure of accounting basis	Disclosure of information on the accounting basis adopted	Understandability & faithful representation
b. Line items	Headings and Sub-head	Presentation cash balance, payment and balances	Relevance and understandability
c. reporting periods	Total of cash receipts and payment. Beginning and closing balances	Comprehensive information about cash balances	Understandability, Relevance, faithful representation

Source: (Mustapha et. al., 2017)

Cash-basis IPSAS Requirement	Issues for Reporting	Benefits	Qualitative/usefulness Consideration
PART 2: Optional			
1. Future economic benefit/service potential	Assets characteristics	Resources provided for an entity to achieve objective	relevance, usefulness =confirmatory, predictive
2. Going concern	i. Time-line of operation ii. Consideration of current and expected performance iii. Potential restructuring of organizations' units iv. Estimate of receipts or the likelihood of government funding v. Replacement of financing capability	timely reporting -Encouraged to assess the entity's ability to continue - Extent of power to levy taxes and levy -Cash flow report	Timeliness Relevance (predictive) faithful representation
3. Extra ordinary items	i. Off balance sheet items ii. Contingency arrangement iii. restructuring activities	-Transactions that do not occur frequently (note to financial statement)	faithful representation, understandability, relevance, usefulness
4. Disclosure of asset, liability & comparison with budget	Asset, liability & budget disclosure	-Enhances accountability	faithful representation, relevance, understandability, usefulness
5. Entity intending to migrate to accrual IPSAS	Statement of cash receipt & payment according to IPSAS 2 (Cash flow statement)	To classify cash flow statement according to operating, financing & investing	understandability, relevance, usefulness

Source: (Mustapha et. al., 2017)