

The Role of Public Sector Accounting on Accountability in Public Institutions in Ghana

Ali Seidu Napari^{1*} Edmund Obeng Amaning^{1,2}

1. Chief Accountant, Ministry of Gender, Children & Social Protection, Ghana

2. Researcher/Consultant, Ghana

* E-mail of the corresponding author: edmundobeng19@gmail.com

Abstract

The increasing push for accountability in public institutions across Africa is borne out of the various socioeconomic prospects associated with it. It is due to this that public sector accountability is so critical and hence the interest in understanding it and ensuring that it is done properly to meet its intended purpose. This study investigated the role of public sector accounting on accountability in Ghana. This study relied on purposive sampling while using an interview guide and questionnaire for its primary data collection. The findings showed that financial accountability is carried out through five phases. Additionally, it was revealed that proper financial reporting and internal audits have a positive significant impact on financial accountability in public institutions. Finally, the study recommends periodic training and development programmes for public sector accountants and internal auditors as well as perceives financial reporting and internal audits function as a strategic part of the business.

Keywords: Public Sector Auditing, Auditor-General office and public sector accountability

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1. Introduction

Globally, there has been growing advocacy for improvement in public sector accountability over the years. This increasing push for accountability in the public sector is not only borne out of the understanding that it is the inalienable hallmark of modern democratic governance but also because lack of accountability poses various socioeconomic risks to the public sector prospects of any country. Accountability, according to Dubnick and Frederickson (2010), is simply a relationship between at least two parties in which one should account to the other for their actions and doings, and special structures are built to ensure that the first party's actions are following a pre-agreed arrangement. This is a crucial practice in public administration, as it relates to seductive promises of justice, improved performance, proper behaviour, and democratic governance. Poor performances and lack of accountability of state-owned agencies are usually attributed to mismanagement of funds due to weak internal control measures within organizations as well as poor public sector accounting. One of the ways to minimize funds mismanagement and ensure proper accountability in organizations is to have proper public sector accounting and internal audit policies to control the wastage of resources and misappropriation of funds (Asiedu and Deffor, 2017). Public sector accounting, equally known as Government accounting, is concerned with accounting for government financial business employing recording financial transactions and reporting the financial performance of the government and quasi-governmental bodies (Adongo, 2017; Abidin & Singaravello, 2018). The main purposes of Public Sector Accounting are: (a) Ascertaining the legitimacy of transactions and their compliance with the established norms, regulations and statutes. (b) Providing evidence of stewardship. (c) Assisting planning and control (Anand & Sossin, 2018).

The management of public financial resources is a topical issue in both developing and developed countries and the best way to ensure that institutions perform and deliver as expected is to create an environment of accountability (Zinyama, 2013; Flinders, 2014; Rosa & Morote, 2016).

According to Strom (2000), the role of public sector accounting on accountability in public institutions is explained by the agency theory. According to this theory, principals lack trust in their agents because of information asymmetries and self-interest. To address these concerns, mechanisms to align the interests of the agent and principal as well as to limit the potential for information asymmetries and opportunistic behaviour will be put in place. The system of public sector accounting and auditing performs their tasks as agents for principals, and because of this relationship, there are issues connected to trust and assurance in the assembly. Thus, on a theoretical

basis when the hierarchical lines of command in the process of policy are straightforward, that is when accountability thrives the best, a direct line from the board or senior management down to those entrusted with the execution of public policies, who are motivated by being required to provide a clear account of their behaviour to the higher-ups (Strom, 2000). Also, accounting standards, which mandate complete transparency and fair presentation, are one technique to demonstrate public accountability of government institutions. This, it is said, is critical in determining the true economic consequences of public sector financial management. A reliable assessment of whether government actions were taken in the public interest is impossible without transparent, strong, and accountable financial management and financial reporting procedures (Abidin & Singaravelloo 2018; Bakar et al., 2011; Almquist et al., 2013).

In Ghana, the state of public accountability from independence to date is highly disheartening. It is a form of rhetoric. The more emphasis is placed on it, the more worrisome it becomes. As a result, there have been increasing calls for the public sector to provide quality public services that meet the needs of its citizens, be more accountable for its decisions and actions and manage resources more prudently. The Government of Ghana and other public sector management stakeholders have shown increased recognition of the contributions made by Public Sector Auditing (PSA) towards accountability, performance, and the fight against corruption (Asiedu & Deffor, 2017). At first glance, the idea of holding public servants accountable seems attractive. However, a closer look unravels several issues that require discussion and policy recommendations for making the concept of accountability of public servants operational. Government is, however, aware that lack of adequate accountability has a high tendency to undermine governments' efforts to improve the standard of living (Christie, 2018; Adongo, 2017). Empirical studies on accountability found that governments that improve their accountability processes, improve service delivery most particularly for the vulnerable in society. Similarly, just allocating resources for public service without putting in place an accountability incentive scheme will to some extent affect the developmental benefits of the poor (Yilmaz, et al., 2008). In this environment, public sector auditing is expected to play a critical role in the accountability chain because, auditing enhances accountability both outwardly to the elected authorities who supply the funds and outwardly to the beneficiaries, taxpayers, and the general public (Hay and Cordery, 2018, Yang & Northcott, 2019).

It is not debatable, particularly in developing countries like Ghana that the absence of accountability, drives and is also driven by, various unethical public sector practices. Recent studies and academic literature like Hyndman and McConville (2018), (Melnikovas, 2018), Anand and Sossin (2018), Abidin and Singaravelloo (2018), and Royo et al. (2019) indicate an increasing body of research on public sector accountability and auditing. However, the paucity of such studies in Ghana is evident. A study by Adongo (2017), underscores that mismanagement of funds has been on the rise in state organizations in Ghana in recent years despite increased efforts made by the Central Government through the Public Interest and Accountability Committee, the Ministry of Finance and the Auditor-General to ensure proper utilization of funds and accountability in state organizations. This has led to a public outcry as to whether proper public accounting measures or internal audit policies are duly implemented and followed in state organizations in Ghana. A crucial question that requires urgent answers: Why is mismanagement of funds and lack of accountability been on the rise in state organizations in Ghana despite the increased efforts by the government to ensure proper utilization of funds and proper accountability in state organizations? Is it attributed to improper or lack of public sector accounting system? The motivation for this study, therefore, is to investigate the role of public sector accounting on accountability in some state institutions in Ghana.

1.1 Research Aims/Objectives

This study seeks to investigate the role of public sector accounting on accountability in some selected public institutions within the Ghanaian economy with a specific focus on:

- i. Examine the accountability practices of selected public institutions within the country's capital.
- ii. Explore the legislative provisions on the rights and responsibilities of stakeholders to hold public officials in the public sector accountable
- iii. Investigate the effect of quality of financial reporting on financial accountability
- iv. To examine the extent to which internal audit impacts accountability

1.2 Relevance of the study

The findings will serve the government of Ghana and the management of other state institutions such as the Ministry of Finance and the Accountant General Department as a useful guide in their effort toward making public reforms in public sector accounting, financial reporting and public accountability. This will help the government

and other policymakers to put in place appropriate policies to minimize the wastage of resources in public institutions and ultimately protect public funds. Additionally, the research outcome will help the Institute of Chartered Accountants of Ghana to discover the current state of accounting and internal audits in public institutions within the country. This will help the regulator to formulate appropriate policies to regulate public sector accounting and internal auditing in companies to minimize or eliminate the wastage of financial resources in public institutions.

Finally, this will contribute to the existing literature on public sector accounting and accountability, it is therefore expected that this study will provide more information concerning public sector financial reporting, specifically how it's done, by who, and the standards and regulations guiding its preparation and the degree of compliance with such standards, and its impact on public accountability.

2.0 LITERATURE

2.1 Public Sector Perspective of Accountability

Public Sector accounting, also known as government accounting, is the application of accounting principles to the preparation and presentation of financial records for the government and related institutions for users of public sector accounting information. A proper audit entails accurately recording government revenue, expenditures, assets, and liabilities in an approved format (Lawal and Nife, 2018). Additionally, it is a system that establishes sufficient internal controls for government resources to protect them. In the context of Ghana, a variety of legislation including the International Public Sector Accounting Standards governs reporting in the public sector. These rules specify how public sector organizations are required to keep their books of accounts as well as how they should be audited, communicated to users, and in some situations, fines for non-compliance. In literature, the word "accountability" has various interpretations and connotations. Asobie (1991) defined accountability as the duty owed by a person or entity who has been given responsibility or who holds a position of trust to respond appropriately to pertinent stakeholders for actions taken in the performance of assigned duties. This definition implies that those who perform public duties must answer to the citizens they represent. According to Adejuwon (2012), accountability must be strictly upheld in the administration of public sector operations to promote good governance, and its absence is the primary cause of bad governance.

In conclusion, systems, structures, processes, and policies that ensure that public sector organizations and their employees are accountable for both their collective and individual actions, as well as the decisions comprise public sector accountability (Lawal & Nife 2018; Rehman & Batool, 2013). As a result, accountability is not only regarded as one of the pillars of sound governance but also a key indicator of the governance environment in the public sector.

2.2 Nature of the Public Sector Accounting System in Ghana

Since Ghana first acquired independence, the scope of government activities has greatly increased, moving from the upkeep of law and order to a variety of welfare programs and social development initiatives. The dynamic nature of governments and their programs in the country's history has led to the restructuring, reforming, privatizing and re-organizing of the public sector. As a result, many government agencies and administrations have been established, along with new operational procedures that represent the diversity of Ghana's public sector accounting.

The composition of the public sector in Ghana may be identified as follows:

1. Central government, ministries, departments and agencies,
2. Local government units – metropolitan, municipal and district assemblies, and,
3. Quasi-government institutions—Public boards and corporations.
4. Public educational institutions.

The essential features of these organizations may also be as follows:

Stewardship and control

1. Accounting and accountability
2. Planning and budgeting
3. Audit (internal and external)
4. Fund accounting is dominated by the consolidated fund;
5. Reporting.
6. Public ownership of assets and liabilities, cash, accrual,
7. Modified cash, modified accrual and commitment basis of accounting.

8. Treasury system of accounting, and financial flows.

The public sector accounting system involves recording, analyzing, classifying, summarizing, communicating and interpreting financial information both in aggregate and in detail. These activities should reflect all government transactions which involve the receipt, custody, transfer and disbursement of government funds and property. The primary justification for these practices is the requirement for public authorities to prove the legitimacy of transactions and their compliance with existing regulations. Additionally, it serves to demonstrate accountability for the prudent use of public funds and to deliver pertinent data for the effective supervision and administration of government activities. Recognizing that public sector companies frequently place an undue emphasis on rules and processes is also important. This attention to detail is frequently driven by budgeting and financial constraints.

2.3 The Principal-agent theory

This theory exemplifies conventional rational choice models in which there are two parties in which one party, the principal, uses all of the resources at their disposal to incentivize the other, the agent, to do actions that will be most advantageous to the principal. The agency theory is very relevant to the study of accountability since it is all centred on how one party's decisions respond to another party's demands or aims, and how each party's actions and the institutional settings in which they interact to influence this responsiveness.

In general, public accountability refers to the principal's capacity to assess the performance of the agent (Lenz, 2012). It is important to note that public institutions themselves play a role in ensuring accountability. Utilizing a theoretical framework that communicates extensively varied aspects of an institution and conveys their subsequent impact on accountability in quantifiable terms is necessary to comprehend the relationship between accountability and the structure of the organization. The agency theory is now the most frequently model employed to analyze public accountability. This is because the model can offer a flexible framework to model changes in institutional arrangements that cannot be counted and to compare their potential to influence agents' good conduct. The principle-agent framework essentially describes a legal relationship in which the principal, who is the original owner of an activity, chooses to designate another party (the agent), to carry out the activity.

The nature of the relationship between the two parties is one of conflict, as at the outset there is the assumption of the theory that there is always some degree of conflict as the two parties have different goals (Mitnick, 1980). The agent challenge for the principal is how to properly watch over the agent to make sure they don't stray from the principal's interests in favour of their own. Asymmetric information, insufficient political and financial resources to thoroughly supervise all agents, and moral hazard all exacerbate the agency dilemma.

2.4 Related studies

Kaale (2019) examines the impact of internal control, internal audit, and financial reporting quality on accountability in public organizations, using the Tanzania Revenue Authority as a case study (TRA) and revealed a positive but insignificant relationship between internal control and public sector accountability, compared to a positive but substantial relationship between internal audit and financial report quality. In the current democratic period in Nigeria, Etim, et al. (2020) emphasize the critical role of professional accountants in strengthening public sector accountability. It concludes by outlining how Nigeria's public sector might benefit from professional accountants' contributions to accountability. It is believed that, among other things, a sense of value reorientation and strict adherence to the professional code of ethics by professional accountants would reposition professional accountants to effectively contribute to public sector accountability in Nigeria. This is in line with the numerous issues discussed in other papers. This study claims that good governance and accountability are intertwined in the public sector.

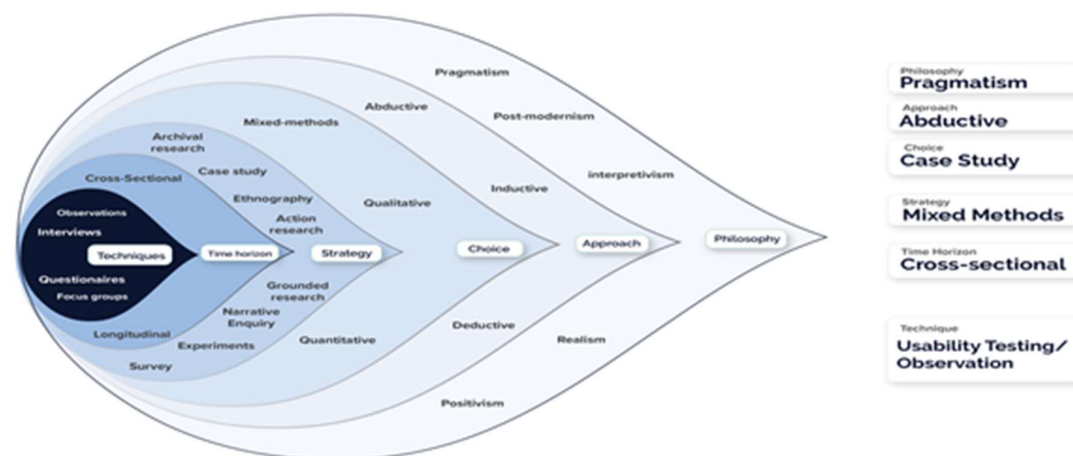
The roles of public sector accountants in the implementation of accrual-based IPSAS in the public sector are examined by Atuahir-Deen (2019). According to the report, Ghana's public sector now uses a modified or cash basis accounting methodology. It concludes that this approach does not provide General Purpose Financial Statements that meet IPSAS criteria, making the adoption of accrual basis IPSAS necessary. Additionally, the function of external auditors in the local governance framework of Ghana was examined by Maama and Marimuthu (2020). The findings showed that internal control effectiveness, cash management, contract management, revenue management, expenditure management, payroll management, and procurement management were the key areas of focus for Ghanaian audit efforts. However, the study discovered that as time went on, the external auditors' areas of concentration kept growing. It was also established that performance audits were not part of the auditors' purview of work. The study's findings also showed that the MMDAs had frequent,

repetitive audit queries involving anomalies in contracts, taxation, procurement, and retail. The current public sector accountability practices in the sub-Saharan African region were examined by Bonsu et al (2022). This study specifically examines the relationship between integrity, internal control, and leadership in the public sector of a developing nation. To forecast the factors that influence public accountability in a developing nation, structural equation modelling (SEM) was adopted. The study outcome demonstrated that public accountability is positively and significantly impacted by integrity, internal control, and leadership practices.

3.0 METHODOLOGY

Here, the study outlines the methodology adopted in answering the research questions. This section responds to the two key questions of a research methodology: (i) the data-collection process and (ii) the data-analysis process (Wilkinson, 2000). To ensure coherence and consistency, the research onion, a simple yet robust logical framework (Saunders, et al., 2019) was used to systematically organize the study’s research process. The onion adopted is displayed in Figure 3.1 below.

Figure 3.1: Study Research Onion



Source: Author (2022), after (Saunders, et al., 2019)

This study adopts Pragmatism as its core epistemology to investigate the role of public sector accounting on accountability in public institutions in Ghana. This philosophy is chosen because it advocates for research that derives knowledge from testable evidence based on practical experiences of the real world and not a prediction, which aligns with the study objectives (Gattinoni, et al., 2020). Additionally, an abductive approach is used as it best aligns with the pragmatist philosophy of the study (Thomas, 2006); (Woiceshyn & Daellenbach, 2018). For this study, a case study of selected public institutions in Ghana was selected. A case study allows for analysis of real-world situations like public sector accountability (Baxter & Jack, 2008) especially when study (a) requires an in-depth analysis of specific technical phenomena and (b) the research has explanatory aims (Rowley, 2002).

This study relies on purposive sampling – a type of non-probability method where cases are selected based on availability and the researcher’s choice in line with study objectives (Pardede, 2019). It ensures members of the sample are those who possess the required information in achieving the research objectives (Eisenhardt, et al., 2016). Participants for this study were account department staff, internal auditors, and management employees who have the requisite experience and vast knowledge in public sector accounting within these selected public institutions in Ghana.

This study relies on a primary source of data using an interview guide which is deemed to be a suitable technique for data collection because the researcher gets first-hand information relevant to the study. Through this process, the researcher interacts with the respondents and clears all doubts (Donna, et al., 2013). Inductive thematic analysis which is one of the most common forms of analysis within qualitative research is adopted for this study (Braun & Clarke, 2019). It involves looking through data collection to find, examine, and document recurring themes. The purpose of thematic analysis is to find themes—that is, significant or intriguing patterns in the data—and then utilize those themes to discuss the research or make a point. Lastly, to eliminate bias from this study, the study's conclusions are double-checked using triangulation of documentary data. Additionally, the result is checked with past studies to confirm if there is consistency or contradiction with previous empirical studies.

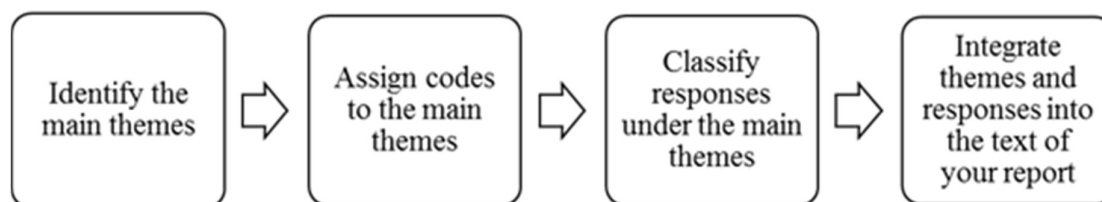
4.0 Analysis and Discussion

This study employed descriptive statistics (frequency distribution) to assess the demographic characteristics of the study participants. A thematic analysis was also done to ascertain the central themes that arise after the conduction of in-depth interviews on the role of public sector accounting on accountability in some selected public institutions in Ghana. A total of twenty (20) respondents participated in the study. This comprises seven (10) accountants, five (5) internal audits, three (3) top management staff and two (2) heads of department, from the Audit Service of Ghana, Ministry of Trade and Industry, Ministry of Gender and Social Protection and the Ministry of Finance.

4.1 Presentation of the results

A thematic analysis was conducted to find the key themes that emerged after the answers specified by the study population from the in-depth interviews. This analysis followed four (4) main processes prescribed by Kumar (2015). Figure 1 depicts the process through which the thematic analysis was conducted.

Figure 4.1: Content Analysis Process



Source: Kumar (2015).

4.1.1 Demographic Characteristics of Respondents

These characteristics covered gender, age, marital status, years of service and educational background of the respondents. This information was deemed necessary because these factors influence people's perceptions about the relevant variables of the study.

Table 4.1: Respondents

Constructs	Frequency	Percentage
Gender		
Male	14	70.0
Female	6	30.0
Age		
Less than 20 years	--	0.0
21 -30 years	1	5.0
31--40 years	7	35.0
41 - 50 years	10	50.0
More than 50 years	2	10.0
Marital Status		
Married	11	55.0
Single	6	30.0
Divorced	2	10.0
Widowed	1	5.0
Educational Level		
Bachelor's Degree	11	55.0
Master's Degree	9	45.0
Diploma	--	0.0
Certificate	--	0.0

Years of Service /Engagement		
Less than 1 year	1	5.0
1 – 5 years	5	25.0
6- 10 years	10	50.0
More than 10 years	4	20.0

Source: Field Survey, 2022 (SPSS Output)

From Table 4.1, the outcome revealed that the majority (70.0%) of the respondents were males as against 30 per cent of respondents who were female. It could therefore be deduced that more males are directly and indirectly associated with accounting and internal audit work than females within state institutions in Ghana. Additionally, the age composition of respondents in Table 4.1 shows that the majority (95.0%) were between the age bracket of 31 to 40 years, 41-50 years and above 50 years respectively as against 5 per cent of the respondents who were within the age bracket of 21 to 30years. The inference made was that most of the staff who are directly and indirectly associated with accounting and internal audit work in Ghanaian state institutions are mature people and they may have good knowledge about the importance of public sector accounting and ethics of internal audit practices. With regards to education/academic qualification, the outcome from the analysis displayed in Table 4.1 is that 55.0% have bachelor’s degrees as against 45.0 per cent who are persons with master’s qualifications. Based on this finding, the researcher concluded that staff who are directly and indirectly associated with public sector accounting and internal audit work in state institutions in Ghana are very educated and they may be knowledgeable about public sector accounting and the ethics of internal audit practices as well as the importance of internal audit and public sector accounting in public institutions. Finally, from Table 4.1, the outcome from the analysis displayed showed that the majority (70.0%) of the respondents have worked with their respective institutions for 6 to 10 years and more than ten years as against 25 per cent and 5 per cent of respondents who have worked with their institution for 1 to 5 years and less than one year respectively. With this, it can be deduced that staff who are directly and indirectly associated with accounting and internal audit work have been with their institutions for a long, therefore, they may be very well abreast with how public sector accounting work as well as can describe the role of public sector accounting on accountability in public institutions in Ghana.

4.1.2 Descriptive Statistics of the Variables.

The mean, the standard deviation, the maximum and the minimum values of the variables financial reporting (FR), internal audit(IA) and financial accountability(FA) are shown in Table 4.2

Table 4.2: Descriptive statistics of the three variables

Variable	N	Min	Maxm	Mean	Std. Dev.
Financial Reporting(FR),	20	7.0	63.0	16.25	4.71
Internal Audit(IA)	20	7.0	51.0	15.27	4.32
Financial Accountability(FA)	20	9.0	58.0	14.63	3.07

Source: Field Survey, 2022 (SPSS Output)

Table 4.2 revealed that all variables utilized for the study contain 20 observations since the study was conducted by using 20 respondents. Missing data is not present in this data. The average figure for Financial Reporting (FR), was 16.25. The standard deviation recorded was 4.71. The lowest and the highest observations for Financial Reporting (FR) are 7 and 63 respectively. The average figure for Internal Audit (IA) was 15.27. The standard deviation recorded was 4.32 whereas the lowest and the highest observations for Internal Audit (IA) were 15.27 and 51.0 respectively. Financial Accountability (FA) recorded an average figure of 14.63. Also, Financial Accountability (FA) recorded a standard deviation of 3.07 with the lowest and highest observations chosen for the study is 9.0 and 58.0 respectively

4.1.3 The Accountability Practices in Public Institutions in Ghana

One of the aims of this research was to ascertain how accountability practices are accomplished in public institutions. With this, people who were interviewed by the researcher to describe it and the respondents gave a vivid description of how accountability practices are affected in their institutions.

One of the respondents expressed his/her opinion as follows

“Accountability in this institution is about defining the company's mission, values, and goals, as well as everyone's role in working toward them. It's about holding employees and executives responsible for accomplishing these

goals, completing assignments, and making decisions that deliver on these expectations and reducing wastage of funds.”(Interviewee-R18, 2022).

Another respondent expressed his/her opinion as follows

“For me, for financial accountability to be effective in public institutions, then certain processes must be strictly followed. These are 1.) Accrual accounting must be made central to the whole public financial management system to provide an accurate financial picture. 2) A whole systems approach to improve scrutiny must be applied. 3) Reduction of intolerance of corruption through big data and analytics must be pursued. 4) Public government financial statements must be published regularly. And 5) Proper plan for reform must be considered” (interviewee-R3, 2022).

Another respondent disclosed that

“For us, management writes reports on a six-monthly basis to the Board and the sector minister and also participates in the monthly and annual performance reviews” (interviewee-R20, 2022).

Another respondent disclosed that

“When a person is given the responsibility to hold, use or dispose of resources not belonging to him, we make sure that he or she is held fully answerable to the owner of the resources management of this institution and the board for what he or she does with them”. This in essence is the principle of accountability (interviewee-R13, 2022).

Another respondent stated that;

“When dealing with money on behalf of others especially the government, accountability is crucial. The people given the responsibility to manage the money need to be able to show that they are being good stewards of what is entrusted to them. They must be protected from being tempted to use the money for their purposes” (interviewee-R1, 2022).

One respondent also disclosed that

“To promote good financial accountability in this institution, we have an internal audit department and audit committee that work to ensure that audit reports and recommendations are duly implemented in this institution”(interviewee-R2, 2022).

The Composition of the Audit Committee

Several corporate governance standards, such as the Smith Report (Smith, 1992) have addressed the composition of the audit committee. According to these sources, the audit committee should include at least three members. Similarly, the Sarbanes-Oxley Act of 2002, congruent with the OECD codes of corporate governance also stipulates that an audit committee must have at least three independent members.

According to another respondent

. For our audit committee, we have two representatives from the Audit Service of Ghana, a member of the Institute of Chartered Accountants (ICA) of Ghana and two qualified members from this ministry” (Interviewee-R5, 2022)

Another respondent also indicated that:

“Ok, the audit committee in this institution is made up of 5 members with majority independent. ICA and Audit service appoint the majority of members who are not working in this institution” (interviewee-R9, 2022)

Frequency of Audit Committee Meetings

One of the most essential characteristics of this committee is the frequency of meetings (Nor, & Amran, 2020). According to Bedard and Johnstone (2004), the activity level of committee meetings is determined by two factors: (i) the tasks they must fulfil and (ii) the frequency of meetings held. All the participants from this study concurred that this committee meets every quarterly to undertake their mandate. This was found to be following the IAAA 2003 (Act 658) which required that the Audit Committee shall meet at least four times in a financial year to ensure the effective discharge of its responsibilities.

One participant opined that:

“The audit committee meets regularly...I think every quarter they do that.” (interviewee-R11, 2022)

According to another respondent:

“The audit committee meet every quarter to deliberate on issues” (interviewee-R19, 2022)

Contributions of Internal Audit Financial Accountability

From this study, respondents disclosed that the audit committee safeguards that internal audit task is sufficiently resourced to carry out their mandate.

One of the study participants explained that:

“The benefit of internal audit to financial accountability is very huge. Internal audit helps in effective resource allocation, implementation of audit recommendations and effective utilization of funds to minimize wastage” (Interviewee-R 3, 2022)

One participant also commented

“internal audit worked to ensure transparency and financial accountability, reviewing audit reports and ensuring that all recommendations have been implemented” (interviewee-R12, 2022).

4.1.4 The Legislative Provisions on the Rights and Responsibilities of Stakeholders to hold Public officials in the public sector Accountable.

The second specific goal of this research was to establish whether a legislative provision on the rights and responsibilities of stakeholders holds public officials in the public sector accountable. With this, the respondents were asked to indicate whether there were such provisions.

One respondent stated that,

“Yes, there is a legislative provision on the right and responsibility of stakeholders to hold public officials in public institutions accountable. For instance, the work of the Audit Service of Ghana is to conduct a periodic audit of state institutions to ensure the prudent use of funds. With this people who are found to have embezzled or supervised embezzlement of state funds are made to refund or help retrieve such funds” (interviewee-R12, 2022).

Another respondent also stated that

“There are no clear formal channels to address and demand accountability in this institution. However, public officials are expected to be good stewards of state resources that are entrusted in their care”.(interviewee-R11, 2022).

Another respondent also stressed that

“There is a legislative provision to hold officials of public institutions in Ghana accountable and it is known as the ‘Public Finance Management Act 2016’. The legislative provision helps to regulate financial management in the state institution; to ensure that all revenue, expenditure, assets and liabilities of this institution are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in this institution” (interviewee-R14, 2022).

Another respondent also indicated that

“To ensure proper financial accountability in public institutions, the government of Ghana enacted the ‘Public Finance Management Act 2016’. There is a huge benefit associated with this provision or Act. To me, the Act helps to improve the credibility of our budget, predictability during budget execution, strengthen expenditure controls and reduce cash rationing, all of which contribute to improving the overall financial management of the public sector (interviewee-R18, 2022).

4.2 Reliability Analysis

Reliability analysis was done on the variables of the study to examine the reliability of the scales. Financial reporting had a Cronbach’s alpha coefficient of 0.832, the internal audit had 0.918 and financial accountability also had 0.868. This specified that a high level of internal consistency of all the variables exists because any alpha coefficient more than 0.7 is accepted.

Table 4.4: Cronbach’s Alpha Coefficients of Variables

Variable	Alpha	No. of Items
Financial Reporting (FR)	0.832	15
Internal Audit(IA)	0.918	12
Financial Accountability(FA)	0.868	7

Source: Field Survey, 2022 (SPSS Output)

4.3 Analysis of Regression Results

The study conducted a hierarchical regression analysis to determine the moderating role of financial reporting and internal audits on the financial accountability of public institutions in Ghana.

4.3.1 Analysis of Regression Results of Model

A regression was conducted to estimate the effect of financial reporting (FR) and internal audit(IA) on financial accountability(FA) and the result is presented in Table 4.4

Table 4.5: Regression Coefficients of the Mediating and Independent Variables

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.03	.400		7.230.	0.000.
	FR	1.310	.200	.797	6.55	0.000.
	IA	0.900	.320	.497	2.81	0.007.

a. Dependent Variable: FA(financial accountability); Source: Field Survey, 2022

The whole model is significant at a 0.05 significance level with a p-value of 0.001 showing an acceptable relationship among the three variables. The multiple correlation coefficient, R square which is the level of determination of changes in the independent variables by a change in financial accountability is high ($R^2 = 0.652$). This means financial reporting and internal audit account for 65.2 per cent of the variations in financial accountability. The coefficients of financial reporting and internal audit of 1.310 and 0.900 shows a statistically significant and positive effect on financial accountability. This is interpreted as all things being equal, a unit increase in financial reporting (FR) leads to a 1.310 increase in financial accountability (FA) and a unit decrease in financial reporting(FR) leads to a 1.310 decrease in financial accountability (FA). Also, a unit increase in internal audit(IA) leads to a 0.900 increase in financial accountability(FA)and a unit decrease in internal audit(IA) leads to a 0.900 decrease in financial accountability(FA)all things being equal. This support the findings of Abidin and Singaravelloo (2018), Almqvist et al (2013), Adongo (2017), Pardede (2019), Asiedu and Deffor (2017), Anand and Sossin (2018), Bakar et al (2011) and Yilmaz et al. (2008) who found a significant positive effect of financial reporting and internal audit on financial accountability in institutions.

5.0 Conclusions

The study investigated the role of public sector accounting on accountability in public institutions in Ghana and concluded that financial accountability is carried out through five phases. Firstly, accrual accounting must be made central to the whole public financial management system to provide an accurate financial picture. Secondly, a whole systems approach to improve scrutiny must be applied. Thirdly, a reduction in tolerance of corruption through big data and analytics must be pursued. Fourthly, public government financial statements must be published regularly and finally, a proper plan for reform must be considered. It was again revealed from the study that accountability is achieved by defining the institution’s mission, values, and goals, as well as everyone's role in working toward them. It's about holding employees and executives responsible for accomplishing these goals, completing assignments, making decisions that deliver on these expectations and reducing wastage of funds. Also, to promote a good accounting system and internal audit practices, an audit committee is set to ensure that audit reports and recommendations are duly implemented in the institution. The audit committee work to ensure transparency and accountability reviews audit reports and ensures that all recommendations made by the internal audit are implemented. It was again revealed from the study that there is a ‘Public Finance Management Act 2016’ and this Act helps to regulate financial management in state institutions to ensure that all revenue, expenditure, assets and liabilities of such institutions are managed efficiently and effectively. The PFM Act 2016 also helps to improve the credibility of public institutions' budgets, predictability during budget execution, strengthen expenditure controls and reduce cash rationing, all of which contribute to improving the overall financial management of the public sector. Also, it was revealed from the study that there is a positive relationship between financial reporting and financial accountability. Finally, it was revealed from the study that internal audit has a positive significant effect on financial accountability in public institutions.

5.1 Recommendations

Based on the findings, the following recommendations are hereby offered to enhance financial accountability in public institutions in Ghana.

The public sector and other agencies in Ghana are advised to organize periodic training and development programmes for their accountants and internal auditors. Periodic training and development programs will help them improve their professional and soft skills. As a result, the public institution's management can consider holding on-the-job and off-the-job training programs for accountants and internal auditors regularly. These training and development programs will keep accountants and internal audit staff up to date on the new developments in their fields of expertise hence, allowing them to remain professionally competent. Secondly, public officials and institutions that embezzle state funds must be punished severely by the government through the Attorney General Department and Audit Service of Ghana. This will help curb the menace of frequent mismanagement and embezzlement of funds in state institutions in the country.

Additionally, management of public institutions must perceive financial reporting and internal audits function as strategic business hence, they must give these units the necessary support by ensuring that the units are objective and independent (in mind and appearance) and also implement audit recommendations of the internal audit unit. Lastly, the management of public institutions must encourage accountants to become part of professional regulating bodies across the globe. Professional organizations such as the ACCA and the ICAG must guarantee that their members adhere to their codes of ethics and conduct and always act professionally.

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