

# Effects of public financial management policies in Government accounting system: A case Study of National Ministry of Finance and Planning in Juba South Sudan

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## Abstract

Investigation of the effects of public financial management policies on the accounting system used by the government of South Sudan was/is the goal of this study, along with learning how the National Ministry of Finance and Planning is handling these implications. Data were gathered by administering questionnaires to respondents around the state and conducting interviews. The survey was created using a 5-point Likert scale. To accomplish the research aims, the researcher employed descriptive and explanatory research designs. Additionally, frequency analysis was employed in the study. The National Ministry of Finance and Planning in Juba, South Sudan, used 35 respondents as the population size, and 32 of them were chosen as the sample size utilizing the Krejcie and Morgan Table 1970 sampling techniques. The replies obtained from the disseminated questionnaires were utilized to assess the data for this study, which was mostly based on secondary sources. The study discovered that effective public financial management on the government accounting system is significantly influenced by budgeting, accounting systems and reporting, internal control systems, auditing, and leadership. Based on the study's findings, the researcher came to the conclusion that internal and external budgetary control are second in importance to the political will of the country's leadership in ensuring good public financial management. The researcher advised the Ministry of Finance and Departments to comprehend how important each of these aspects is to the overall success of public financial management. Finally, the researcher suggested that other researchers, especially administrators in the public sector, conduct additional research.



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## Introduction

Concerns about the effectiveness of public financial management (PFM) in developing countries, particularly in sub-Saharan Africa and south and south-east Asia, have increased globally in recent years. This is due to the fact that the recipient country's ability to effectively use both domestic resources and available foreign aid assistance is highly dependent on its public finance management system. Without funding, no organization has ever achieved success (Allis, 2004). The efficient operation of a company depends on competent financial management (Burke, 2001). In order to improve openness, efficiency, accuracy, and accountability so that an organization may achieve its goals, good financial management practices are crucial, according to Padilla et al. (2012). Public sector financial accounting, on the other hand, is the method used by government agencies to record financial transactions. Public sector financial accounting is different from public sector accounting in East Africa and is organized on behalf of the entire citizenry. Mathias, (2004) Although public sector accounting has a considerably different focus in practice than private sector accounting does in theory. Expenses associated with appropriations must be tracked by state and federal government entities. Non-oil tax receipts must also be tracked. A distinct set of accounting ethics standards from those used in the private sector must also be followed by the government. The development of an accounting standard enables the government to adhere to comparable regulations in order to present information similarly. Financial data is often tracked using a set of principles in government accounting. The organization is required to submit financial information to interested parties, particularly constituents, rather than attempting to ascertain how much money a public sector firm has generated. It is challenging for government agencies to spend money on unapproved activities because of the division of funds; they must create appropriations or spending authorizations to transfer money between government fund accounts. This procedure aims to prevent agencies from using funds at their discretion, which will quickly exhaust their financial resources. Public sector accounting principles frequently aim to establish a framework for accounting processes, just like private sector accounting does. Afolabi, (2004) said the principles allow for the application of fundamental concepts to either large and small companies or towns rather than imposing a rigid set of restrictions. Smaller countries must also learn and implement worldwide accounting standards in order to improve their internal national accounting procedures. The majority of the time, developing countries are unable to or lack the resources necessary to establish a framework for their public sector accounting processes. Adopting a global set of accounting standards would assist them in resolving this issue and usually sets them on the way to greater infrastructure development. The engine of the economy in South Sudan is the public sector financial management, which encompasses the three levels of government, although its intended effect doesn't appear to be boosting the economy to a higher level. This is happening as South Sudan's generations have advanced beyond it in time. Therefore, it makes more sense to use financial management quality as a model. In light of this, this paper investigates South Sudan's infrastructure and public financial management. The study is crucial for the government's careful and intentional financial management, especially now that financial resources are become scarcer. Long-term, it will help with economic growth. Studies in this field appear to be disregarded. This study will therefore act as a reference for other scholars, policymakers, senior public finance managers, accountants, and students of political science, public administration, and accounting. The study will be useful in managing the finances of the National Ministry of Finance and Planning in Juba, South Sudan.

## Statement of the Problem

The issues with this research study that the researcher has looked into are; Insufficient revenue: This refers to the fact that the public financial management policies in the government accounting system are frequently insufficient for them, which usually has an impact on a

variety of activities carried out in the local government region. Inadequate management of public funds. The fact that the government institution's authority over public funds is ineffective is another issue. As a result, the government continues to experience setbacks in the development of its infrastructure. The implementation of ineffective and inappropriate public sector accounting rules and guidelines has had a significant detrimental impact on the government. Another issue is that the local government's accounts are marked by deficiencies, such as faulty account maintenance and bookkeeping as well as the absence of public financial management policies in the government accounting system.

### **The objectives of this study**

To determine whether the available non-oil revenue sources are sufficient to pay for government obligations, to ascertain whether the cash from oil generated by the government agencies is utilized effectively, to determine whether the Ministry of Finance and Planning's control of public funds is appropriate, to ascertain whether there are any deficiencies in the accounts, such as faulty account maintenance and bookkeeping, failure to maintain other relevant records, and theft of public monies, particularly by unprofessional authorities.

### **Research Questions**

Are the Ministry of Planning's available non-oil revenue streams sufficient for them? Are government agencies making appropriate use of non-oil revenue? Is it appropriate for the Ministry of Finance and Planning to oversee public funds? Are there deficiencies in the government's accounting, such as faulty bookkeeping and poor record-keeping?

### **Significance of the Study**

The personnel of the South Sudanese government's Ministry of Finance and Planning will find this study piece to be of utmost importance. It will go a long way toward educating them about the idea of the public sector financial management accounting system as well as the sound monitoring techniques to be used for the monies earned from sources other than oil. Finally, this research article work will assist the entire government in adapting the methods used by various Ministries and other departments in their financial control system. It will also help them in improving revenue collections and minimizing expenses since the public sector is distinct from other industries. Public institution scholars and researchers will also benefit from this research article work because it will broaden their horizons from the information contained in this research article work.

### **Literature Review**

Different perspectives on public financial management are held by specialists. Public financial management was defined by Onuorah and Appiah (2012) as the planning, organizing, procurement, and utilization of public finances as well as the design of appropriate policies to meet societal aspirations. The management and control of the budget, which details what the government plans to accomplish in a year, is the core of public financial management (NOUN, 2012). Public financial management provides both financial accountability and the wise use of resources.

### **Elements of Public Financial Management in Government Institutions**

Public financial management in South Sudan relates to the taxing and spending of government institutions, which in turn affects the distribution of resources and income.

The budget cycle is covered by the expenditure element, which also includes budget preparation, internal controls, accounting, internal and external audit, procurement, and monitoring and reporting frameworks (Rosen, 2002). According to the assessments, a number

of elements have an impact on public financial management. The following factors were noted: leadership, internal control, accounting and reporting, budgeting, and external and internal auditing.

**Reporting and Accounting:** Financial management, according to Hendrickse (2008), should entail maintaining accurate records of all financial transactions and connecting the budget to the company's strategic and operational strategies. The process of collecting, assessing, categorizing, and recording Non-Oil Revenue data that is pertinent to transactions and events influencing the government's finances is known as accounting (Michael, 2013). Purchase orders, invoices, billing statements, notices, receipts, receiving slips, closing documents, bank statements, communications, and other transaction-related documents are all collected during the assembly process. In order for someone who is not familiar with the transaction to comprehend who was involved, what was involved, when, where, and why the transaction or event occurred, as well as the value that should be attributed to it, these documents must then be reviewed (Michael, 2013). The goal of financial reporting is to increase budget adherence. They offer a way for internal or external actors to evaluate the effectiveness of the government. Data from the accounting system must be extracted and presented in financial reporting in manners that make analysis simple. Both internal and external reports are produced by governments.

**Budgeting:** One of the key elements of public finance management is budgeting. Budgets control the public sector. Without a budget, governments are not legally permitted to increase taxes or incur expenditures (CAPA, 2014). The political and technical process of matching and allocating financial resources, including taxes, service fees, debt instruments, and funding from other levels of government, with specific person and program needs is known as public budgeting. A public budget is created through a process called public budgeting. Public budgeting is frequently referred to as an issue of allocation due to shortage. The goals of public budgeting are to support employment, economic growth, and income distribution (Patrick et al., 2017). A budget that is used effectively will help you achieve effective financial management (Immaculate, 2016). Overspending is a regulatory problem that will need to be fixed either through reallocation or through an additional budget. Underspending, on the other hand, shows a failure to use resources that have been allotted. Managing within the budget necessitates timely knowledge of budget commitments, allocations, and actual spending (Michael, 2010). Daily flash reports on cash flows, monthly reports on budget execution, reports on non-oil revenue, mid-year reports, and annual financial statements or fiscal reports are examples of typical reports. Internationally accepted minimum standards exist for yearly budgetary reporting. The audit general's assessment of the performance of the government is based on these reports (Rebecca et al., 2011).

**External Auditing:** The PFM system includes a number of compliance tools, including external auditing, to make sure that the budget is implemented legally and efficiently delivers public services (Rebecca et al., 2011). A government's operations, performance, and data are all thoroughly and independently examined as part of an audit, which has a specific goal in mind, such as ensuring financial accuracy, operational effectiveness, and regulatory compliance. The purpose of audits is to gather and examine sufficient and appropriate evidence to support accurate financial reporting, effective operations, and adherence to legal and regulatory requirements (USAID, 2014). An external audit is a routine examination carried out by a competent, independent auditor with the objective of ascertaining the accuracy and completeness of a company's accounting records.

**Internal Control:** Internal control refers to oversight within a company and includes procedures for monitoring against budgets, reconciling accounts, and more. These controls ought to be created expressly to reduce the accounting risk of loss (Michael, 2010). Organizations' internal controls are designed to guarantee the efficacy and efficiency of their operations, the accuracy of their information, compliance with legal requirements, and the timeliness of their financial reports (Lucy, 2016). He claimed that the internal control system consists of policies and procedures for controlling things like withdrawals, grant applications, bank and cash transactions, purchases, payments, monitoring, assessment, and reporting.

**Leadership:** Leadership examines the extent to which senior government leaders influence, inspire, and value sound financial management. The necessity for improved financial management was understood by the leaders, who backed it wholeheartedly. Many public sector leaders, who frequently place a higher importance on controlling policy and the political environment, did not always view financial management and building capabilities in their companies as key priorities. The majority of executives understand that given the current financial limitations, it is crucial to concentrate limited resources on priority areas and greatly increase efficiency and effectiveness (Office of the Auditor-General, 2012).

### **Overview of Government Accounting System**

In Odike's opinion (2006), The term "public sector accounting system" refers to a technique of accounting used by non-profit organizations in the public sector, such as national, local, and quasi-governmental special companies, for whom the size of profits does not serve as a reliable metric for assessing performance. According to Ifezue as well (2006), The information system known as public sector accounting is responsible for documenting, analyzing, categorizing, summarizing, and communicating financial and economic events and their effects on public sector enterprises. Providing management and top executives with the information they need for planning, organizing, and controlling the process of creating and delivering financial statements and reports for external users in accordance with a set of accounting and reporting standards. According to Onyeke (2004), frequent services provided include tax, auditing, general accounting, and consulting. Depending on the demands of its clients, accounting companies may provide other services. A professional license, such as the Certified Public Accountant designation, is held by the majority of accountants who work in the public sector of accounting. This is a universal, global license that certifies that an accountant has passed a demanding exam in order to meet this criteria. The preparation of yearly personal or business returns is a typical example of a tax service offered by the public accounting sector. In this sector, CPAs invest a lot of time in learning and maintaining a current understanding of tax law.

### **The Public Financial Management Stages**

**Policy Formulation:** One of the most crucial phases in the structure of public financial management is policy formulation. The core of financial management, according to Premchand (1999), is the transformation of society's ambitions into workable policies with clear financial ramifications. Issues that are not addressed during policy design tend to become more significant during implementation and frequently cause significant policy reversals or significant slippages that could produce unexpected outcomes. The goals of public finance management should be to implement macroeconomic and microeconomic objectives. As a result, it calls for a clearly defined, structured, and articulated system that works to encourage resource use that is cost-conscious.

**Budget Formulation:** Prior to submission to the legislature for assessment and final approval, the executives allocate resources as part of the budget preparation process. According to Appah

(2009), articulating the government's fiscal, monetary, political, economic, social, and welfare objectives based on departmental issues, policies, and guidelines serves as the foundation for circulars to Ministries and Departments requesting inputs and their needs for the upcoming fiscal periods. Accounting officers of responsibility units are required to gather and compile the needs of their units. Evaluation of South Sudan's public financial management of infrastructure.

**Budget Structures:** Budget structure, in Anyanwu's opinion (1997), deals with the issue of how the budget is or ought to be put together. Budgets include sides for revenues and expenses. Many governments, according to Prenchard (1999), have not yet implemented cash management systems that would allow for coordinated domestic administration. Limiting expenditures to funds received has made this issue worse. The researcher went on to say that programs and projects included in the budget are severely underfunded.

**Payments System:** This relates to the operational processes for collecting funds from the public and disbursing them. Different methods are employed by governments when making payments. These consist of computerized payment systems, book changes, check issuance, and payment authorities.

**Government Accounting and Financial Reporting:** The South Sudanese public sector financial management process includes government accounting and financial reporting as a crucial step. Government accounting, according to Adams (2001), comprises documenting, communicating, summarizing, evaluating, and interpreting financial statements both in general and in specifics. Prenchard (1999) makes a similar case, contending that government accounts serve the dual functions of satisfying internal management requirements and giving the general public a window into how their government functions. The goal while preparing government financial reports should be to fully and promptly disclose all relevant information about the government's financial situation and operations (Achua, 2009). While financial disclosures alone do not constitute accountability, they are a sensitive component of public accountability.

**Audit:** The topic of auditing government financial reports is one of the core components of public sector financial management in South Sudan. The process of auditing is carried out by appropriately qualified auditors when the financial statements and accounting records of businesses are examined by impartial auditors with the goal of providing an opinion in accordance with the terms of the appointment. The high amount of corruption in South Sudan's public sector is primarily due to inadequate auditing. Many audit agencies are legally prohibited from assessing policies, according to Prenchard (1999). Since they lack the authority to examine the records of contractors and independent agencies, the majority of them are unable to trace the flow of money. The South Sudanese public sector's lack of value for money is one key audit failing.

**Legislative Control:** The legislature in South Sudan is expected to carry out this crucial duty of overseeing and regulating the projected revenues and outlays for every fiscal year. The National Assembly's members are in charge of making sure that the budget estimates are thoroughly examined to guarantee the correctness, efficacy, and efficiency of government revenue and expenditure.

**Aggregate fiscal management:** Every government must manage its finances at the overall level as a fundamental obligation. The financial flows and resulting balance sheets are

represented by the accounting model, which serves as the foundation for monitoring, controlling, and eventually.

### **The Dimensions of Public Financial Management**

**Effective financial control:** A comprehensive system of fiduciary controls, properly encapsulated by the nomenclature of "public internal financial control," should be provided by the accounting system (PIFC). Internal controls within a company, such as the authorization of payments, managing expenditures against budgets, reconciliation procedures, and others, are examples of this. These safeguards ought to be specially created to reduce the danger of loss.

**Governance:** The idea that government should carry out the wishes of the people has a significant impact on the governance dimension. Although the general public, or civil society, is the main stakeholder, there will also be other parties involved, such as lenders and international organizations. In order to serve the requirements of all of these groups at all levels of government, public sector governance must be effective.

**Transparency:** Although transparency extends beyond financial information, it will play a significant role in open government. This covers all publicly available budgets, financial statements, audit reports, and other financial data released by the government. Transparency is more than merely sharing data, as was previously mentioned. Making explicit the messages included in the data necessitates making decisions about the suitable messages, and as a result, providing pertinent financial information. The same problem with budget allocations applies here; there is a connection between the information and the conclusions drawn from it. Depending on how it is categorized and aggregated, financial information will highlight particular problems.

**Accountability:** Beyond only being transparent, accountability also entails assigning blame for one's own conduct. It can be thought of as the culmination of a transparent and participatory process. Once more, accounting concerns are not the only ones that fall under the umbrella of accountability, but they will play a significant role in it. The amount of central control required depends on the degree of responsibility as well as the criteria used to reward budget holders. As a result, it significantly influences how the mechanisms for creating, implementing, and accounting for budgets are designed. PFM systems must be created with clear embedded assumptions about how accountability will actually function. As accountability increases, these systems will need to be gradually updated. As a result, they must be either affordable or flexible, as a costly rigid system will impede advancement.

### **Methodology**

A research design is used to organize the study and demonstrate how the significant components of the study interact with one another as well as attempt to respond to the main research questions that were employed. Research design, according to Udeagha (2003), is the framework that identifies the kinds of data that are required for the study, as well as their sources and methods of collection. This research is undoubtedly a survey. The process of collecting data from respondents who are believed to be representative of a population using a closed- or open-ended questionnaire is known as survey research. In order to guarantee uniqueness and dependability, a survey design was adopted in this study. In order to assure accuracy and trustworthiness, it was important to make sure that all the material obtained was from original sources.

### Data Presentation and Analysis

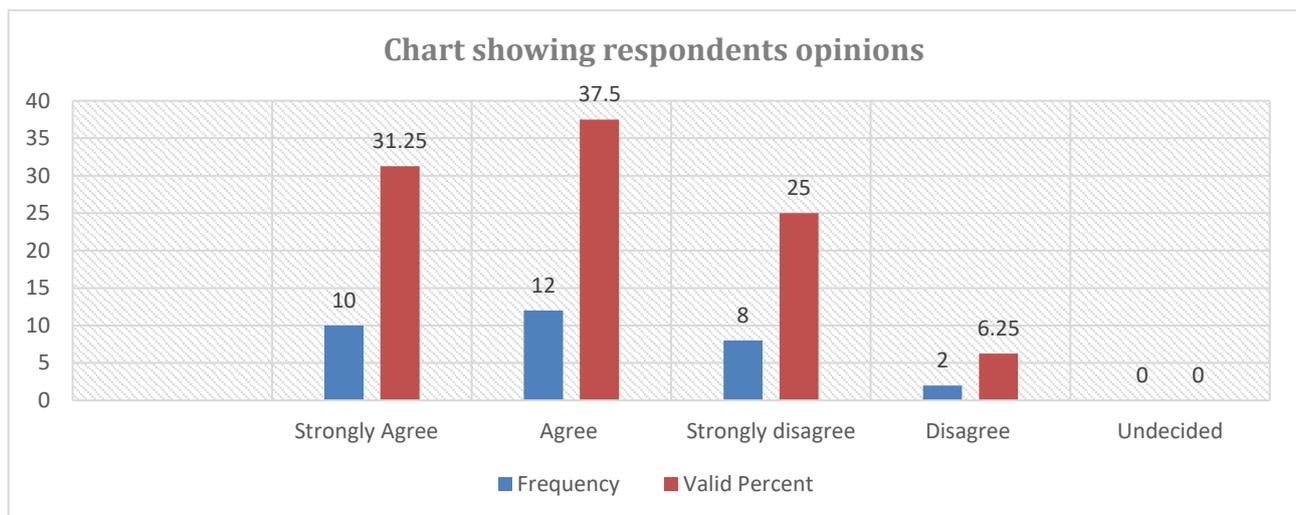
In order to undertake analysis and derive new interpretations from it, the researcher must present and arrange the many types of data they have collected using a variety of data collection procedures. The data was presented in a straightforward table. The important questions were answered by the various departments, and this information formed the basis for the data analysis. Simple percentage analysis will be used to examine the important questionnaire items. There were 35 questionnaires distributed, and 32 of them were returned. As a result, the data analysis will be based on the completed surveys.

#### Service Delivery within Detailed Costs, Quality and Time

Responses Opinions	Frequency	Percent
Strongly Agree	15	46.88
Agree	9	28.13
Strongly Disagree	4	12.50
Disagree	2	6.25
Strongly Disagree	2	6.25
Total	32	100.00

Source: Researcher survey, (2022)

The result from the analysis indicated that the respondent's opinions on Service Delivery within Detailed Costs, Quality and Time as follows Strongly Agree 46.88%, Agree 28.13%, Strongly Disagree 12.50%, Disagree 6.25% and Strongly Disagree 6.25%

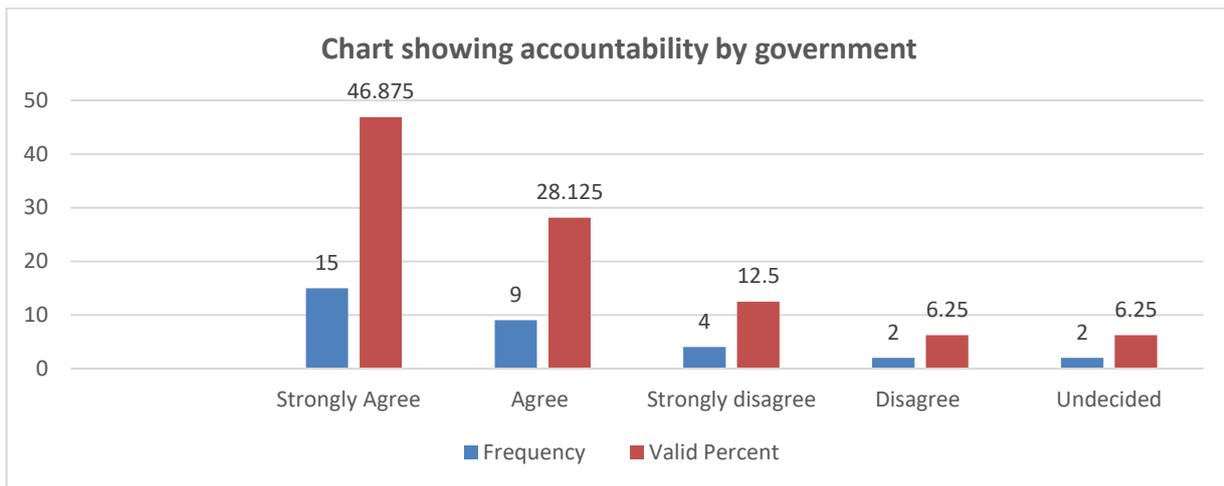


#### Accountability by the Government to the Public institutions

Responses Opinions	Frequency	Valid Percent
Strongly Agree	15	46.9
Agree	9	28.2
Strongly Disagree	4	12.5
Disagree	2	6.3
Undecided	2	6.3
Total	32	100.00

Source: Researcher survey, (2022)

According to the analysis's above table, accountability by the government to public institutions is strongly supported by 46.9% of respondents, agreed with 28.125%, strongly opposed by 12.5%, disagreed with 6.25%, and undecided by 6.25%.



**Effective Public Financial Management**

Opinions	Frequency	Percent
Budgeting	12	37.5
Accounting and Reporting	5	15.6
Leadership	8	25.0
Internal Control	4	12.5
External Auditing	3	9.4
Total	32	100.0

Source: Researcher survey, (2022)

Effective public financial management was shown by a table of analysis to include budgeting (37.5%), accounting and reporting (15.6%), leadership (25.0%) and internal control (12.5%), as well as external auditing (9.4%).

**Infrastructure for example good road network, electricity, pipe borne water, good schools among others**

Opinions	Frequency	Percent
Government Grant Only	12	37.5
Local Credit from The Government agencies	4	12.5
Government Revenue Generated	8	25.0
Loan	5	15.6
Donation	3	9.4
Total	32	100.0

Source: Researcher survey, (2022)

Infrastructure includes things like a good road system, power, piped water, and good schools, among other things. Government subsidy Local Credit from Government Agencies: just 12.5%, Government money earned is 25.0%, loans are 15.6%, and donations are 9.4%.

**The sources of Non-Oil revenue available to government area**

Opinions	Frequency	Percent
Strongly Agree	9	28.1
Agree	4	12.5
Strongly Disagree	9	28.1
Disagree	6	18.8
Undecided	4	12.5
Total	32	100.0

Source: Researcher survey, (2022)

The sources of Non-Oil revenue available to government area Strongly Agree 28.1%, Agree 12.5%, strongly disagree 28.1%, Disagree 18.8% and Undecided 12.5%

### The revenue generated within the agency's government put into good use

Opinions	Frequency	Percent
Strongly Agree	10	31.3
Agree	4	12.5
Strongly disagree	7	21.9
Disagree	6	18.8
Undecided	5	15.6
Total	32	100.0

Source: Researcher survey, (2022)

The result of analysis the revenue generated within the agency's government put into good use Strongly Agree 31.3%, Agree 12.5%, strongly disagree 21.9%, Disagree 18.8% and Undecided 15.6%

### Conclusion

Although they are steadily becoming better, the central government of South Sudan and other public institution authorities still apply incorrect and ineffective public sector accounting rules. The Republic of South Sudan's government does not implement the Public Financial Management policies to their full potential, and the public finance and accounting controls it has implemented are ineffective. As a result, deficiencies in the accounting system of the government, including fund misappropriation, inaccurate record-keeping, and the transfer of public funds into private accounts, characterize it. The aforementioned anomaly with regard to public monies from the Central Bank, Ministry of Finance Block Account has some impact on the various activities of the federal government, state governments, and municipal governments. Some government personnel who lack professional ethics in public financial management, a code of conduct for the management of public finances, and other accounting skills and principles are the cause of these errors.

### Recommendations

Since most accountants, along with their supervisors, collaborate and enrich themselves with the public funds, leaving the public treasury bankrupt, especially near the end of their tenure in office, an account committee should be established to control and regulate the public Financial accounting system in the government of South Sudan. This will ensure that there is a proper record of Public Funds by the accounting officers. The state's leadership and government should implement efficient and effective planning, control procedures, and practical resource management. They should also raise the salaries of all employees and members of the central, state, and local governments. This will inspire workers to put forth more effort in carrying out the duties and responsibilities that have been delegated to them and help the state achieve its goals. The Central Government authority should make an effort to routinely review its administrative actions, prosecute any officers discovered to be stealing public funds, and hold the head of the account's office accountable for any misappropriation of public funds.

### Author (s) Background

John MaborAdut is a South Sudanese National, he has been working as Senior Inspector of Accounts and Revenue Analyst at National Revenue Authority and National Ministry of Finance and Planning Juba in South Sudan. Academically John earned his International Executive Master' Degree in Business Administration (IEMBA) General from UIBE University of International Business and Economic Beijing-China and Bachelor of Business Administration generic from Cavendish University Uganda.

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