IJCRT.ORG ISSN : 2320-2882

INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

An Analysis Of Public Sector Accounting: A Framework For Financial Transparency

1Ms. Sweety Tomer, 2Dr Varsha Goel
1Phd Scholar , 2Associate Professor
1Baba mast nath university, asthal Bohar , Rohtak,
2Baba mast nath university, asthal bohar , Rohtak

Abstract

This abstract presents an assessment of the current state of public sector accounting in India, analyzing the ongoing transition from a traditional cash-based system to modern accrual-based standards. The move towards adopting frameworks like the International Public Sector Accounting Standards (IPSAS) is a critical reform aimed at enhancing financial transparency, accountability, and governance. The paper evaluates the key drivers for this reform, including the need for more accurate and comprehensive financial reporting to improve public trust and enable better decision-making. Despite the clear benefits, the assessment identifies significant challenges to successful implementation. These obstacles include a general resistance to change, a scarcity of skilled accounting professionals with expertise in accrual-based systems, and the need for substantial investment in upgraded IT infrastructure. Additionally, the complex legal and regulatory environment presents a unique hurdle. The findings suggest that while initial progress has been made, a comprehensive and phased approach is required. To fully realize the benefits of modernized accounting, it is essential to focus on strategic capacity building, political commitment, and technological integration.

Keywords: Accounting, India, Public sector enterprises

Introduction

Accounting is more than just keeping records; it's a systematic process of identifying, measuring, recording, classifying, summarizing, analyzing, and interpreting financial transactions and events to provide information that is useful for making economic decisions. It essentially serves as the language of business, communicating a company's financial health and performance to a wide range of stakeholders.

Core Purpose of Accounting:

The primary purpose of accounting is to provide relevant and reliable financial information about an entity's performance, financial position, and cash flows. This information is crucial for:

Decision-Making: Enabling management to make informed decisions about resource allocation, strategic planning, and operational adjustments.

Accountability: Holding management accountable to owners, investors, and other stakeholders for the resources entrusted to them.

Compliance: Ensuring adherence to legal, regulatory, and tax requirements.

Performance Evaluation: Assessing the profitability, efficiency, and overall financial health of a business over time.

Transparency: Building trust and confidence among investors, creditors, and the public by presenting a clear financial picture.

The accounting process, often referred to as the accounting cycle, is a standardized, sequential series of steps undertaken to record and process all financial transactions of a business from when they occur to their inclusion in financial statements. This cycle typically repeats each accounting period (e.g., monthly, quarterly, annually). steps in the accounting process. This cyclical process ensures that financial information is systematically captured, processed, and reported, providing a reliable basis for internal management decisions and external stakeholder communication.

Accounting Standards: Ensuring Consistency and Transparency in Financial Reporting

Accounting standards are a formal set of guidelines, rules, and procedures that companies and organizations must follow when preparing and presenting their financial statements. They are essentially the "rules of the game" for financial reporting, ensuring that financial information is consistent, comparable, reliable, and transparent.

Purpose and Objectives of Accounting Standards:

The primary objectives of accounting standards are to:

1. **Enhance Comparability:** By mandating uniform principles and guidelines, standards allow investors, creditors, and other stakeholders to compare the financial performance and position of different companies, both within the same industry and across various sectors, over time.

2. **Improve Reliability and Credibility:** Standards provide a framework that reduces the potential for manipulation, fraud, and misrepresentation of financial data, thereby increasing trust in the reported financial information.

3. **Ensure Transparency and Disclosure:** They require companies to provide comprehensive and detailed information about their financial position, performance, and cash flows, enabling stakeholders to make well-informed decisions.

4. **Facilitate Decision-Making:** By providing relevant, reliable, and consistent information, accounting standards help various users (investors, lenders, management, government) make better economic decisions regarding resource allocation, investment, and policy.

5. **Promote Accountability and Governance:** They establish clear guidelines for financial reporting, helping to hold management accountable for the resources entrusted to them and promoting good corporate governance practices.

6. **Attain Uniformity:** They standardize the accounting treatment and recording of transactions, leading to a more consistent approach to financial reporting across different entities.

7. **Assist Auditors:** Standards provide a clear benchmark for auditors to assess whether

financial statements present a "true and fair view," making the auditing process more efficient and effective.

8. **Reduce Information Asymmetry:** By ensuring that all users have access to similar, high-quality information, standards help to level the playing field between informed insiders and external stakeholders.

Accounting Standards in India (Ind AS):

India has moved towards convergence with IFRS through the adoption of **Indian Accounting Standards (Ind AS)**.

Ind AS are IFRS-converged standards, meaning they are largely based on IFRS but with certain carve-outs (differences) to suit the Indian economic and legal environment. These standards are issued under the supervision of the Accounting Standards Board (ASB) of the Institute of Chartered Accountants of India (ICAI) and notified by the Ministry of Corporate Affairs (MCA), Government of India. The implementation of Ind AS has been phased, becoming mandatory for listed companies and certain unlisted companies based on net worth thresholds. The objective of Ind AS is to align Indian accounting practices with international standards, promoting transparency, comparability, and reliability of financial statements, thereby boosting investor confidence and facilitating global business operation

As of the most recent information available, the **Ministry of Corporate Affairs (MCA)**, Government of India, has notified **41 Indian Accounting Standards (Ind AS)**. These standards are developed under the supervision of the Accounting Standards Board (ASB) of the Institute of Chartered Accountants of India (ICAI).

It's important to note that Ind AS are largely converged with International Financial Reporting Standards (IFRS), aiming to align Indian accounting practices with global norms. While 41 Ind AS have been notified, some have superseded others (e.g., Ind AS 116 superseded Ind AS 17 on leases) or certain standards might have been omitted or amended over time. However, the official count of notified and applicable Ind AS generally stands at 41.

Additionally, it's worth mentioning that before the widespread applicability of Ind AS, India followed its own set of **Accounting Standards (AS)**. While many companies have transitioned to Ind AS, the older AS may still be applicable to certain categories of companies that do not meet the thresholds for Ind AS applicability. The number of these older Accounting Standards (AS) is typically cited as around 27-29 effectively in force, as some have been withdrawn or replaced.

Literature Review

The literature reveals a clear trajectory of accounting reforms in Indian PSEs, moving from a predominantly cash-based system towards accrual accounting, with a noticeable influence from international standards like IPSAS. While significant progress has been made, challenges in implementation persist across different sectors and levels of government

The accounting system of public sector entities, particularly state-owned enterprises, has been a subject of significant academic inquiry. Unlike their private sector counterparts, which primarily focus on **profit maximization**, public sector entities are concerned with **accountability, transparency, and the efficient stewardship of public funds** (Jayasinghe et al., 2015). The literature consistently highlights a global shift in public sector accounting from traditional cash-based systems to a more modern accrual basis.

Historically, public sector accounting has been dominated by the **cash basis of accounting**, which records transactions only when cash is received or paid. Research shows that this method has major shortcomings, including a lack of comprehensive information for decision-making and an inability to account for significant non-cash items such as **depreciation, long-term liabilities like pensions, and the full cost of assets** (ResearchGate, 2015). This system is often seen as a tool for budget compliance rather than a measure of financial performance.

In response to these limitations, a substantial body of research has documented and analyzed the worldwide transition to **accrual-based accounting**, often guided by the **International Public Sector Accounting Standards (IPSAS)**. Studies argue that accrual accounting provides a more complete and accurate picture of a government entity's financial position, including its assets, liabilities, and true costs of operations (Adamyk, 2017). This shift is seen as crucial for improving fiscal management, long-term financial planning, and the overall transparency and credibility of government financial statements.

The literature identifies several key benefits of adopting accrual accounting and IPSAS. These include **enhanced accountability and transparency**, **improved decision-making** by providing a clearer view of financial performance and position, and **better international comparability** of financial data (ACCA Global, 2017). These reforms are also linked to a reduction in information asymmetry and corruption, as they make it more difficult to manipulate financial records (U4 Anti-Corruption Resource Centre, 2011).

However, the transition is not without its challenges. Research points to significant obstacles, such as the **high costs of implementation**, **resistance to change** from staff and management, and the need for **legal and institutional reforms** (IFAC, 2021). The success of these reforms is often highly dependent on **political will and strong institutional support**. The complexity of public sector entities, with their various levels of government and unique service-oriented nature, also makes the reform process more difficult than in the private sector.

Momot, A. A., & Djuminah. (2021). This study highlights the limitations of traditional cash-based accounting and the challenges and benefits of transitioning to accrual accounting. Ouda, A. (2003). This paper analyzes government accounting reform and argues for a move from a less informative cash accounting system to a more informative accrual-based one.

Adamyk, D. (2017). This paper from the IMF provides a clear argument for why accrual accounting provides a more complete and accurate picture of a government entity's financial position, including assets, liabilities, and true costs of operations. Brusca, I., & Condor, V. (2002). This study explores the reasons for adopting IPSAS-inspired accrual accounting and notes the challenges faced by some countries due to existing local regulations.

The Relationship between IPSAS Adoption and Resource Allocation Efficiency. Business Perspectives. This research found a significant positive relationship between IPSAS adoption and efficient resource allocation, particularly in countries with low bureaucratic quality, suggesting that IPSAS strengthens financial structures.

IFAC. (2021). This report from the IFAC emphasizes the role of IPSAS in enhancing the quality and reliability of financial information and the challenges related to implementation costs and required investments in technology.

Lüder, K. (1992). This paper developed a model to explain the transition to a more informative government accounting system and the influence of the sociopolitical and administrative environment. Pina, V., et.al (2009) This review highlights that the benefits of accrual accounting, such as better decision-making and transparency, are often compelling but that the transition is a complex process. **Maali, B., & Morshed, A. (2024)** This study provides empirical evidence that adopting IPSAS, particularly in countries with a strong legal framework, significantly enhances governance and helps reduce corruption. It argues that IPSAS improves financial transparency and accountability, thereby narrowing the opportunities for information asymmetry and fraud.

Al-Okaily, et.al (2024) This empirical study, conducted in Morocco, finds that while the level of IPSAS adoption remains low, practitioners recognize its significant positive impact on the quality of financial information. The research highlights that the implementation cost, staff training, and technological factors are key challenges, but that IPSAS can significantly enhance financial statement credibility and comparability.

Sari, H., & Muslim, M. (2023) This literature review highlights that IPSAS provides a unified framework for financial reporting that improves consistency and comparability across different public sector entities. It concludes that IPSAS promotes transparency and accountability, which are essential for good governance and gaining public and international investor trust. This systematic literature review identifies significant research gaps in the existing literature, noting that much of it focuses on macro-level outcomes of IPSAS adoption without addressing the localized factors influencing successful implementation. It emphasizes that resource constraints, institutional weaknesses, and a lack of actionable strategies for capacity building remain major challenges, particularly in developing countries. This paper categorizes the challenges of IPSAS implementation into three main areas: resource limitations (lack of competent staff and IT facilities), accounting and reporting issues (difficulties in asset recognition and measurement), and the need for a comprehensive governance framework. It highlights that resistance to change and high implementation costs are significant barriers to full integration.

IFAC. (2025) This report outlines key challenges in public sector accounting reforms, including the need for strong political support, a feasible implementation timeline, proper coordination and management, and the availability of financial and human resources. It emphasizes that reforms are long-term initiatives that require significant planning and coordination to be successful.

NetSuite. (2025). This article highlights a broader evolution in the role of the accountant in both public and private sectors. It notes that accountants are increasingly becoming strategic advisors who must possess skills in data analytics, AI tools, and data stewardship. This shift affects public sector accounting by requiring finance teams to integrate financial data with non-financial indicators to inform strategic decisions.

Christiaens, J., et.al (2015) This article provides a comparative analysis of how IPSAS adoption impacts financial reporting in different governmental contexts, highlighting the challenges and successes of these reforms.

Brusca, I., et.al (2018) This paper reviews existing literature to synthesize the effects of IPSAS on public financial transparency and accountability, noting both the positive outcomes and the persistent implementation difficulties.

Gourfinkel, M. (2021) A comprehensive report by the World Bank examining the challenges and opportunities in public sector accounting reforms, with a specific focus on the IPSAS implementation process in various countries. **Benito, B., et.al (2015)** This literature review identifies and discusses the key drivers—both institutional and political—that lead governments and public enterprises to adopt accrual-based accounting reforms.

PwC. (2015). A survey-based report that provides an overview of the global trends and status of the transition to accrual-based accounting in the public sector, highlighting the benefits and obstacles.

Roztocki, N., & Weeger, A. (2019). While not exclusively focused on the public sector, this review discusses the broader impact of digital transformation, including the adoption of enterprise systems and other technologies, on accounting practices.

Sari, S. N., & Muslim, M. (2023). This research examines the evolving landscape of public sector accounting, specifically addressing the emerging challenge of integrating sustainability and non-financial information into traditional accounting frameworks.

Camargo, A. M. (2025). This upcoming paper investigates the gap between the formal adoption of accounting standards and the actual achievement of transparency and accountability, using case studies to reveal institutional and operational challenges.

The period from 2005 to 2025 has been a transformative era for public sector accounting, marked by significant reforms and a surge in academic research. Driven by the principles of New Public Management (NPM), the global focus has shifted from traditional cash-based accounting to the adoption of accrual accounting, with the International Public Sector Accounting Standards (IPSAS) serving as a central framework. Research during this time has extensively documented this transition, exploring its motivations, implementation challenges, and consequences for transparency and accountability.

A major theme in the literature is the "accrual wave," where countries worldwide have moved toward accrual accounting to provide a more comprehensive view of public finances, including assets, liabilities, and long-term commitments. This has been a core component of NPM reforms aimed at making public entities more "business-like" and performance-oriented. Researchers have investigated the impact of this shift on financial reporting, management practices, and decision-making, with some studies highlighting a positive correlation between improved accounting information and enhanced public accountability. For example, research has evaluated how the adoption of accrual-based systems in specific countries has influenced a government's ability to monitor expenses, manage resources efficiently, and report on the full cost of public services.

Another prominent area of inquiry has been the role of technology and digital transformation in public sector accounting. The integration of Enterprise Resource Planning (ERP) systems, as well as the emerging potential of technologies like blockchain, artificial intelligence (AI), and robotic process automation (RPA), has been a key subject. Academic papers have analyzed how these digital tools can improve the quality, timeliness, and usability of financial information, but also raise new questions about data security, system implementation, and the need for a skilled workforce. The literature suggests that while digitalization offers significant benefits in terms of efficiency and accuracy, successful implementation depends on political will and institutional readiness.

Furthermore, research has expanded beyond the technical aspects of accounting to explore broader themes of governance and accountability. Citations frequently focus on how accounting information can be used by various stakeholders, including citizens, policymakers, and auditors, to assess the performance of public entities. The link between financial transparency and the effective management of public funds, particularly in areas like foreign aid and public service delivery, has become a critical research topic. The body of work from 2005 to 2025 demonstrates a maturing field that has moved from simply describing accounting reforms to critically evaluating their effectiveness and broader societal impact. In conclusion, the research from 2005 to 2025 paints a picture of a field in constant evolution. While the shift to accrual accounting and the adoption of IPSAS remain central, the influence of digital transformation and a greater emphasis on accountability have broadened the scope of academic inquiry. The research continues to highlight the complex interplay between accounting practices, political context, and institutional change in the public sector.

Objective of the study

To examine the Accounting System of Public Sector Enterprises in India.

Research Methodology

For the present study, the chosen research design is exploratory and descriptive in nature. This dual approach is particularly pertinent given the context of the study: public sector accounting in the National Capital Region (NCR) areas of Haryana. The universe of the study comprises of PSEs in NCR region and in Haryana. Primary data has been collected from a convenient sample of 500 who are working in PSEs across NCR regions. The survey was conducted during January 2024 to December 2024. Purposive and convenience sampling technique have been used to select Public sector enterprises in NCR regions and Further, simple random sampling technique was used to select respondents working in select PSEs.

In order to analyze the accounting system of public sector accounting in India, well-structured questionnaire has been designed. In this connection, following studies Ashenafi Nigusse Tibebe and Tripti Manjit Singh Gujral (2022), Mahboubim Kazem and Shaikh Aftab Anwar (2017), Lukman M and J.B. Murtadak (2017), Khodadady, Davood and Kumaraswamy, M (2015) have been taken into consideration to develop the questionnaire. The secondary sources consulted included a wide array of online publications and databases, such as **Emerald, JSTOR, Google Scholar, and the Social Science Research Network (SSRN)**. For the main study, a total of 550 questionnaires were distributed to individuals working in Public Sector Enterprises. Descriptive statistics has been applied to analyze the accounting system.

Data Analysis

Table shows that about 14.8% of respondents were of age less than 30 years, 34.4% of belong to the age group 30-40 years, whereas 38.8% of were of age between 40-50 years and only 12% of belong to age of above 50 years.

Regarding the gender, 45% respondents were female and 55% were male respondents.

In addition, the marital status of the respondents, most of the i.e. 65% respondents in the sample were married, while 30.6% were single, and 4.4% were divorced.

Table 4.1: Demographic characteristics of respondents

Particulars	**Frequency**	**Percentage (%)**
Age		
Less than 30	74	14.8
31-40	172	34.4
41-50	194	38.8
Above 50	60	12
Total	**500**	**100**
Gender		
Female	225	45
Male	275	55
Total	**500**	**100**
Marital status		
Married	325	65
Divorced	22	4.4
Single	153	30.6
Total	**500**	**100**
Educational qualification		
Under graduate	53	10.6
Graduate	183	36.6
Post-Graduate	198	39.6
Others	66	13.2
Total	**500**	**100**
Designation		
Lower level manager	103	20.6
Middle level Manager	173	34.6

Top level Manager	204	40.8
Other	20	4
Total	**500**	**100**
Working Experience		
Less than 5 years	50	10
6 to 10 years	115	23
11to 15 years	126	25.2
16 to 20 years	139	27.8
Over 20 years	**70**	**14**
Total	**500**	**100**

Source: Primary Survey

In conclusion, the age distribution of the respondents shows that 14.8% were under 30 years old, 34.4% were between 30 and 40 years, and the largest group, 38.8%, fell into the 40-50 age bracket. Only 12% of respondents were over 50 years old. In terms of gender, 55% of the respondents were male and 45% were female. Regarding marital status, most respondents (65%) were married, while 30.6% were single, and 4.4% were divorced. The **work experience** distribution further highlights the seasoned nature of the respondents. A significant portion has considerable experience: **27.8% possess 16-20 years of experience**, and **25.2% fall into the 11-15 years category**. Those with 6-10 years of experience make up 23%, while only 10% have less than 5 years. A notable 14% of respondents bring over 20 years of experience to the table. This diverse and experienced respondent pool provides a robust foundation for the study's findings, reflecting perspectives from various levels of management and tenure within the relevant sector.

A). Accounting System of Public Sector Enterprises in India

This section examines the answer of basic questions regarding accounting system of public sector enterprises (such as method used for accounting, disclosure items, audit information, qualification of staff, computerized accounting system, book keeping, journalizing, types of ledger and trial balance, manpower distribution in accounting department, accounting transaction system, centralized/decentralized accounting, etc.) which are presented as follows:

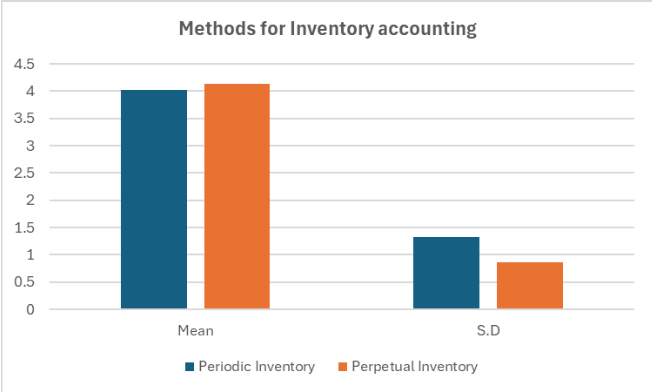
1. What method does your Enterprise use for inventory accounting?

Table 1.1: Methods for inventory accounting

Methods for inventory accounting	Mean	S.D
Periodic Inventory	4.02	1.33
Perpetual Inventory	4.14	0.87

Source: Primary Survey

Figure1.1: **Methods for inventory accounting**



Source: Primary Survey

Above table and chart show that public sector enterprises use periodic inventory as well as perpetual inventory for inventory accounting. Most of the respondents opined that perpetual inventory accounting method is used by most of public sector enterprises as mean value 4.14 is higher than mean value 4.02 for periodic inventory.

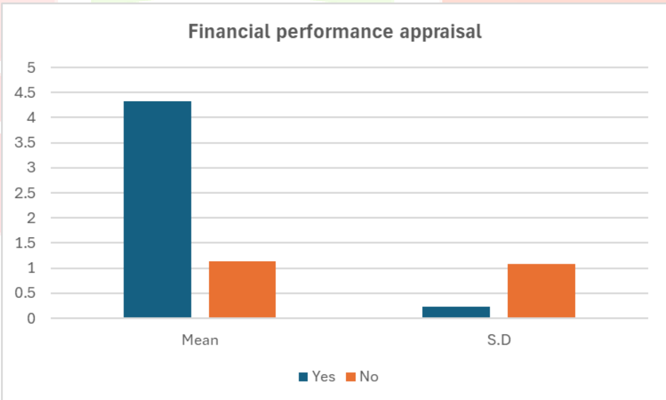
2. Does your firm undertake financial performance appraisal?

Table 1.2: Financial performance appraisal

Financial performance appraisal	**Mean**	S.D
Yes	4.32	0.24
No	1.14	1.09

Source: Primary Survey

Figure 1.2: Financial performance appraisal



Source: Primary Survey

The table and chart depict the answer of question that firm undertake financial performance appraisal. It can be observed that public sector enterprises undertake financial performance appraisal as mean value (4.32) is recorded higher.

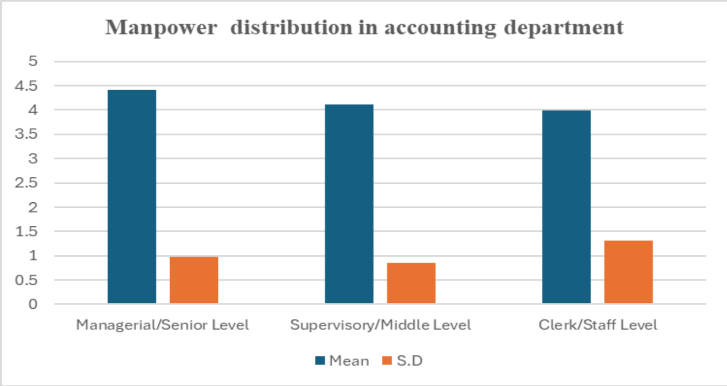
3. What is the manpower distribution within your accounting department by level?

Table 1.3: Manpower distribution in Accounting Department

manpower distribution in Accounting Department	**Mean**	**S.D**
Managerial/Senior Level	4.42	0.97
Supervisory/Middle Level	4.12	0.85
Clerk/Staff Level	3.99	1.31

Source: Primary Survey

Figure 1.3: Manpower distribution in Accounting Department



Source: Primary Survey

Table and chart reflect the manpower distribution in accounting department of public sector enterprise. It can be seen that maximum manpower distribution found at Managerial/Senior Level as higher mean value (4.42) recorded with this statement followed by mean value (4.12) for manpower distribution at supervisory/middle level in accounting department. In addition, lowest manpower distribution in accounting department recorded at clerk/staff level as mean value is 3.99.

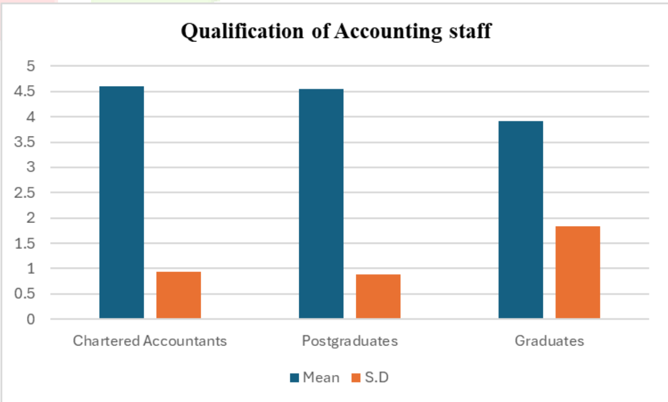
4. What are the qualifications of your accounting staff?

Table 1.4: Qualification

Qualification	Mean	S.D
Chartered Accountants	4.61	0.94
Postgraduates	4.55	0.89
Graduates	3.91	1.84

Source: Primary Survey

Figure 1.4: Qualification



Source: Primary Survey

Table and chart indicate the qualification of accounting staff in public sector enterprises. It is evident that maximum accounting staff were qualified as chartered Accountants as mean value 4.61 recorded higher for this statement. In addition, some accounting staff qualified as postgraduates followed by graduates as mean values secured by these statements are 4.55 and 3.91 respectively.

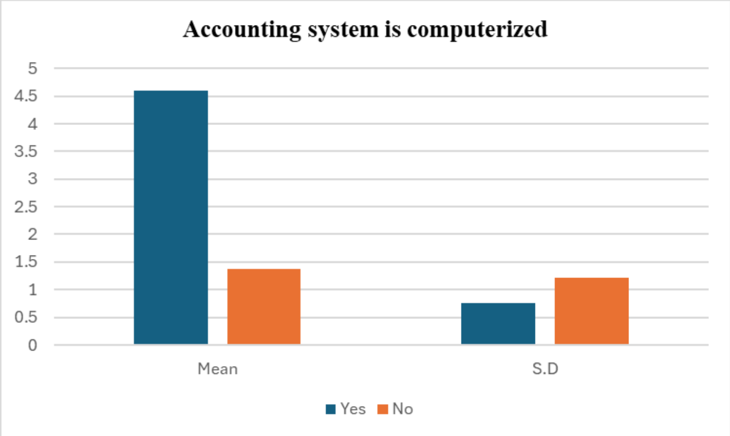
5. Is your accounting system computerized?

Table 1.5: **Accounting system computerized**

Accounting system computerized	**Mean**	**S.D**
Yes	4.59	0.76
No	1.37	1.21

Source: Primary Survey

Figure 1.5: **Accounting system computerized**



Source: Primary Survey

Table and chart show that accounting system of public sector enterprises is computerized. It can be seen that most of the respondents opined that accounting system is fully computerized as mean value 4.59 secured higher for this factor.

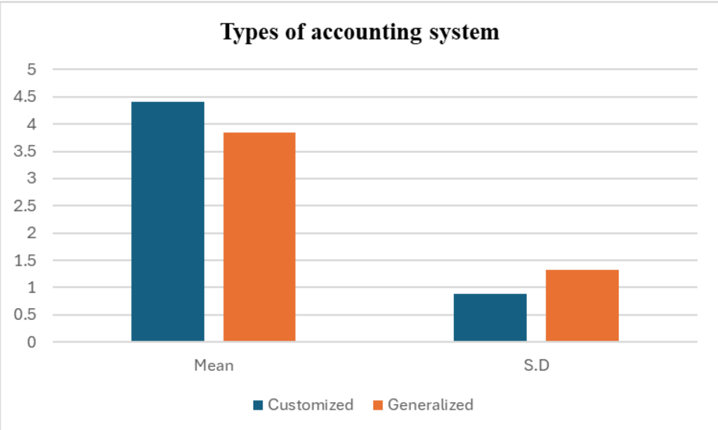
6. What type of computerized accounting system is adopted in your organization?

Table 1.6: Type of computerized accounting system

computerized accounting system	Mean	S.D
Customized	4.41	0.88
Generalized	3.84	1.32

Source: Primary Survey

Figure **1.6: Type of computerized accounting system**



Source: Primary Survey

Table and chart indicate the types of computerized accounting system adopted in public sector enterprises. It can be observed that customized computerized accounting system was adopted by public sector enterprises as mean value 4.41 secured higher for this factor followed by mean values 3.84. In addition, some of enterprises adopted generalized computerized accounting system.

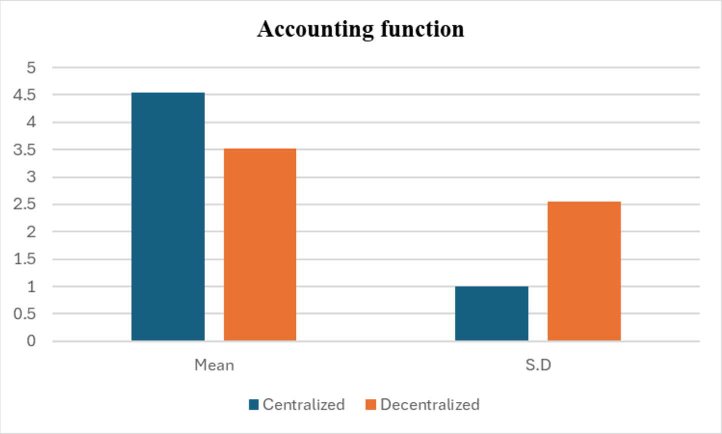
7. Is the accounting function in your firm centralized or decentralized?

Table 1.7: Accounting function

Accounting function	Mean	S.D
Centralized	4.54	1.01
Decentralized	3.52	2.55

Source: Primary Survey

Figure**1.7: Accounting function**



Source: Primary Survey

Table and chart show the accounting function in public sector enterprises is centralized or decentralized. It can be observed that accounting function is centralized in public sector enterprises as mean value secured 4.54 followed by 3.52 mean value for "decentralized" accounting function used in some public sector enterprises.

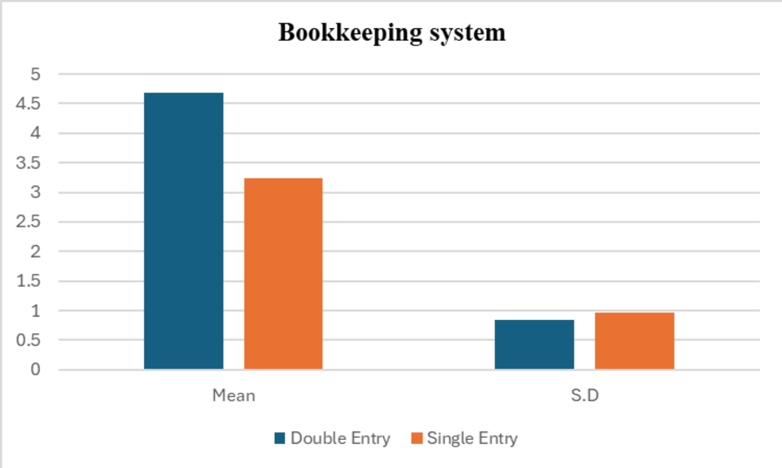
8. Which bookkeeping system is followed in your firm?

Table 1.8: Bookkeeping system

Bookkeeping system	Mean	S.D
Double Entry	4.68	0.84
Single Entry	3.23	0.97

Source: Primary Survey

Figure**1.8: Bookkeeping system**



Source: Primary Survey

Table and chart reflect the bookkeeping system in public sector enterprises is double entry or single entry. It can be stated that bookkeeping system is double entry in public sector enterprises as mean value secured 4.68 followed by 3.23 mean value for "single entry" system used in some public sector enterprises.

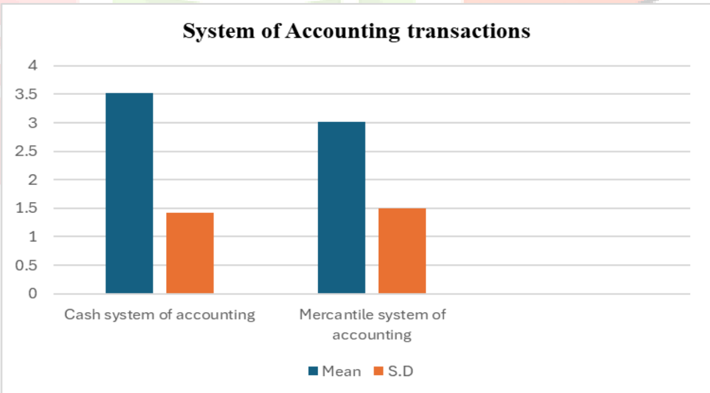
9. Which system of accounting transactions is followed in your firm?

Table 1.9: Accounting transactions

Accounting transactions	**Mean**	**S.D**
Cash system of accounting	3.52	1.42
Mercantile system of accounting	3.01	1.50

Source: Primary Survey

Figure**1.9: Accounting transactions**



Source: Primary Survey

Table and chart reflect the system of accounting transactions in public sector enterprises is cash system or mercantile system of accounting. It can be observed that system of accounting transactions is cash system of accounting in public sector enterprises as mean value secured 3.52 followed by 3.01 mean value for "Mercantile system of accounting" followed in some public sector enterprises.

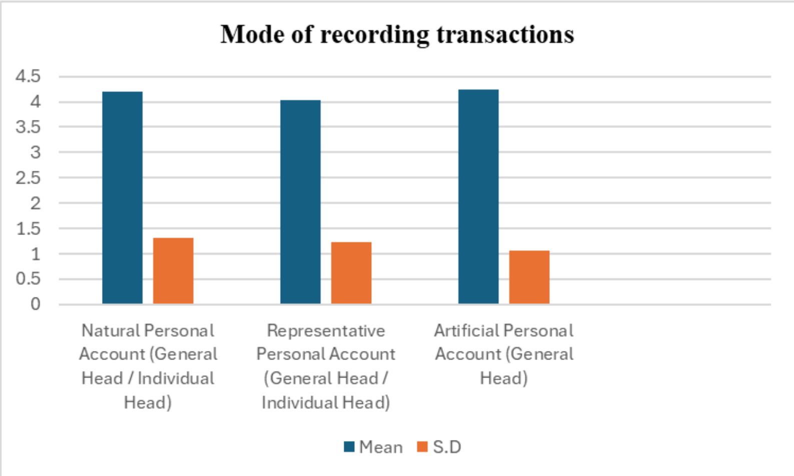
10. What is the mode of recording transactions in the following accounts?

Table 1.10: Mode of recording transactions

Mode of recording transactions	Mean	S.D
Natural Personal Account (General Head / Individual Head)	4.21	1.32
Representative Personal Account (General Head / Individual Head)	4.03	1.22
Artificial Personal Account (General Head)	4.24	1.06

Source: Primary Survey

Figure 1.10: Mode of recording transactions



Source: Primary Survey

Table and chart state the mode of recording transactions in public sector enterprises. It can be seen that mode of recording accounting transactions is "Natural Personal Account (General Head / Individual Head)" in public sector enterprises as mean value secured 4.21 followed by 4.03 mean value for "Representative Personal Account (General Head / Individual Head)" followed in some public sector enterprises. In addition, some public sector followed "Artificial Personal Account (General Head)" mode of recording transactions supported by mean value 4.24.

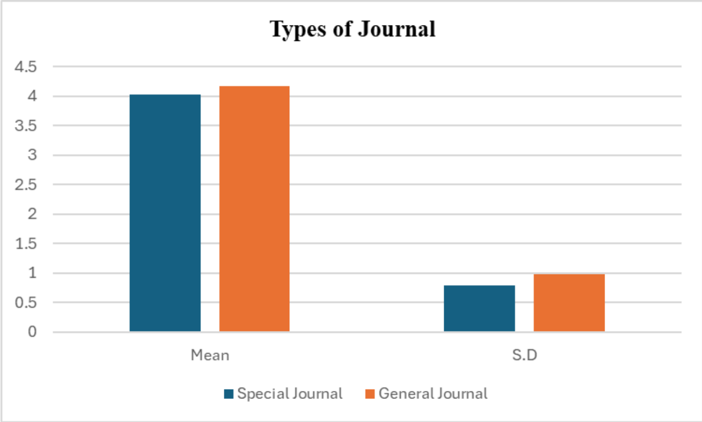
11. Which type of journal is maintained in your organization?

Table 1.11: Types of Journals

Types	Mean	S.D
Special Journal	4.02	0.79
General Journal	4.17	0.98

Source: Primary Survey

Figure **1.11: Types of Journals**



Source: Primary Survey

Table and show the types of journals maintained in public sector enterprises is special or general journal. It can be found that type of journal maintained is "Special Journal" in public sector enterprises as mean value secured 4.02 followed by 4.17 mean value for "General Journal" maintained in some public sector enterprises.

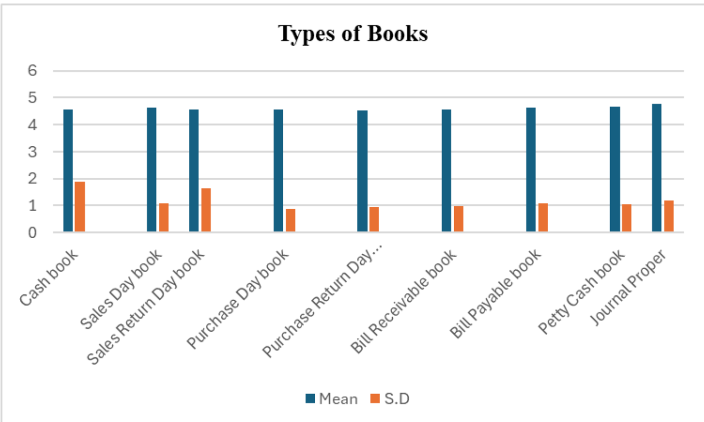
12. Does your firm maintain the following types of books?

Table 1.12: Types of Books

Types of Books	Mean	S.D
Cash book	4.56	1.88
Sales Day book	4.63	1.08
Sales Return Day book	4.55	1.64
Purchase Day book	4.58	0.89
Purchase Return Day book	4.52	0.95
Bill Receivable book	4.57	0.99
Bill Payable book	4.65	1.07
Petty Cash book	4.68	1.05
Journal Proper	4.77	1.18

Source: Primary Survey

Figure **1.12: Types of Books**



Source: Primary Survey

Table and chart describe the types of books maintained in public sector enterprises. It can be seen that types of books maintained is “cash book” in public sector enterprises as mean value secured 4.56 followed by 4.55 mean value for “Sales return day book” followed in some public sector enterprises. In addition, some public sector maintained “sales day book” maintained and supported by mean value 4.63 followed by 4.58 mean value for “purchase day book” and “purchase return day book” maintained.

Moreover, most of public sector enterprises maintained “Journal proper” as mean value secured 4.77 followed by 4.68 mean value for “Petty Cash book” maintained in public sector enterprises. Bills receivable book and bill payable book are also maintained by public sector as mean values are 4.57 and 4.65 respectively.

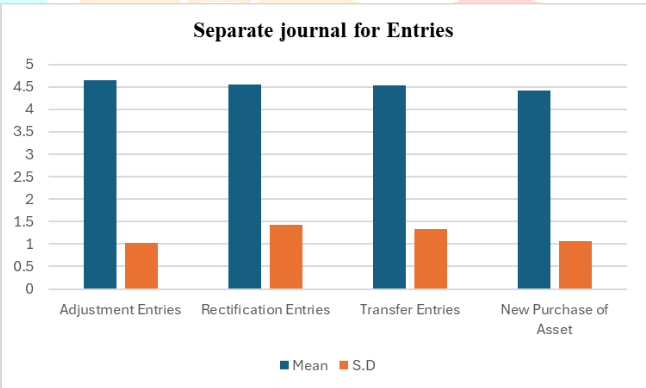
13. Does your firm maintain a separate general journal for the following entries?

Table 1.13: separate general journal

Entries	Mean	S.D
Adjustment Entries	4.65	1.02
Rectification Entries	4.55	1.42
Transfer Entries	4.53	1.34
New Purchase of Asset	4.41	1.07

Source: Primary Survey

Figure 1.13: separate general journal



Source: Primary Survey

Table and chart reflect the separate general journal maintained in public sector enterprises for some entries. It can be observed that separate general journal is maintained for “Adjustment entries” in public sector enterprises as mean value secured 4.65 followed by 4.55 mean value for “Rectification entries” maintained in some public sector enterprises. In addition, some public sector maintained separate journal for “Transfer entries” and supported by mean value 4.53 followed by 4.41 mean value for “New purchase of asset” maintained in public sector enterprises.

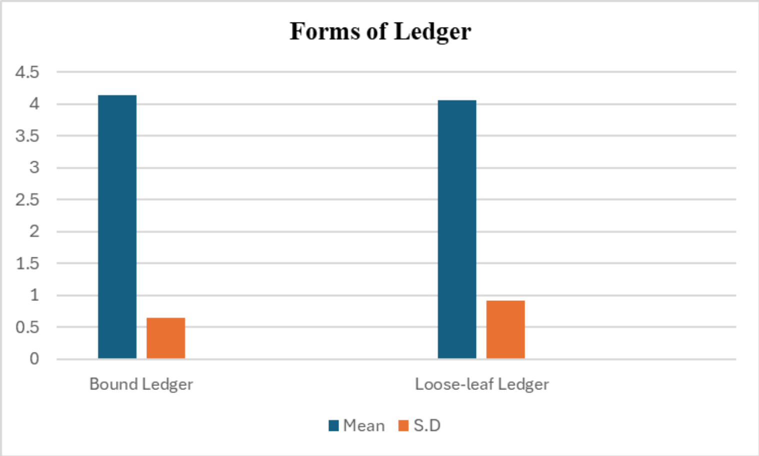
14. Which form of ledger book does your firm use for recording transactions from the journal?

Table 1.14: Form of Ledger

Forms of Ledger	Mean	S.D
Bound Ledger	4.14	0.65
Loose-leaf Ledger	4.06	0.91

Source: Primary Survey

Figure 1.14: Forms of Ledger



Source: Primary Survey

Table and chart reflect the form of ledger book use for recording transactions from the journal in public sector enterprises is bound ledger and Loose-leaf ledger. It can be observed that form of ledger book is "Bound ledger" in public sector enterprises as mean value secured 4.14 followed by 4.06 mean value for "Loose leaf ledger" form used in some public sector enterprises.

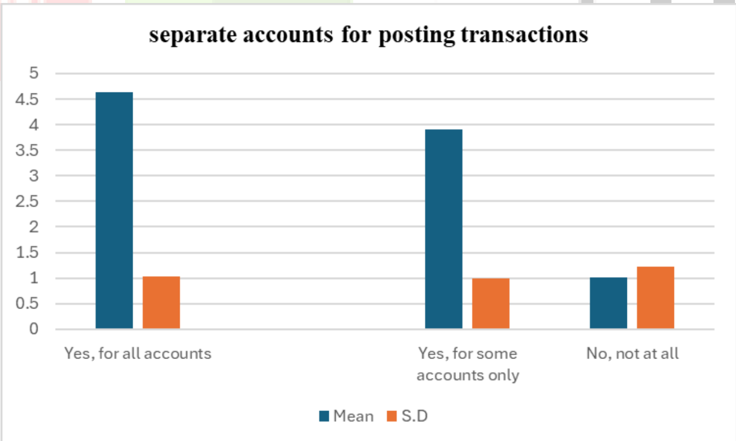
15. In the ledger, do you maintain separate accounts for posting transactions related to different accounts?

Table 1.15: Separate accounts for posting transactions

Separate accounts for posting transactions	Mean	S.D
Yes, for all accounts	4.63	1.03
Yes, for some accounts only	3.91	1.00
No, not at all	1.02	1.23

Source: Primary Survey

Figure **1.15: Separate accounts for posting transactions**



Source: Primary Survey

Table and chart indicate the separate accounts for posting transactions related to different accounts in the ledger. Most of public sector enterprises maintain separate accounts for posting transactions related to all accounts as supported by mean value 4.63 and followed by mean value 3.91 for some accounts only. In addition, few public sector enterprises don't maintain separate accounts for posting transactions related to different accounts as lowest mean values 1.02 secured.

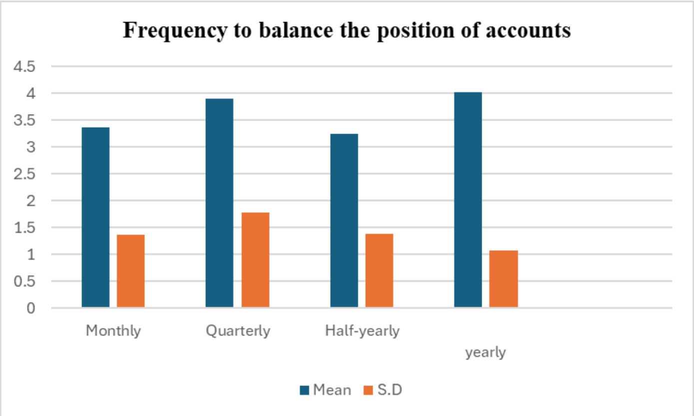
16. How frequently do you balance the position of accounts?

Table 1.16: **Frequency to balance the position of accounts**

Frequency to balance the position of accounts	Mean	S.D
Monthly	3.36	1.37
Quarterly	3.91	1.78
Half-yearly	3.25	1.39
yearly	4.02	1.08

Source: Primary Survey

Figure 1.16: **Frequency to balance the position of accounts**



Source: Primary Survey

Table and chart show the frequency to balance the position of accounts in public sector enterprises. It is evident that public sector enterprises yearly balance the position of accounts (4.02), some of public sector enterprises quarterly balance the position of accounts (3.91), and few public sector enterprises monthly balance the position of accounts (3.36) and half yearly balance the position of accounts (3.25).

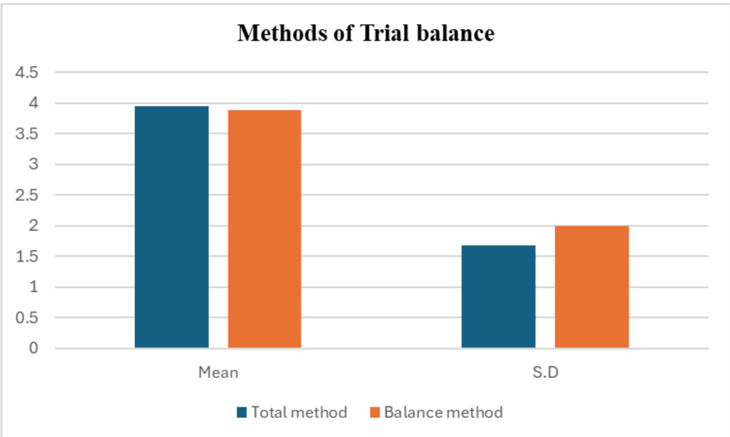
17. Which method do you follow in preparing the trial balance?

Table 1.17: Methods of trial balance

Methods	Mean	S.D
Total method	3.95	1.68
Balance method	3.89	1.99

Source: Primary Survey

Figure 1.17: Methods of trial balance



Source: Primary Survey

Table and graph show the methods in preparing the trial balance. It is observed that public sector enterprises follow total method and balance method in preparing the trial balance as mean values secured 3.95 and 3.89 respectively. In conclusion, public sector enterprises follow total method in preparing the trial balance.

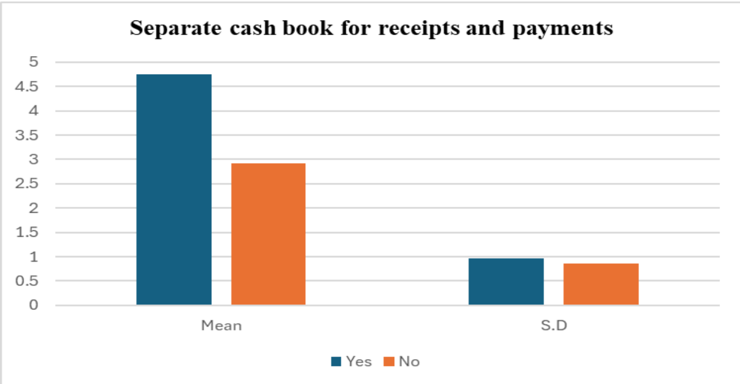
18. Do you maintain separate cash books for cash receipts and cash payments?

Table 1.18: separate cash books

	Mean	S.D
Yes	4.76	0.97
No	2.92	0.85

Source: Primary Survey

Figure 1.18: separate cash books



Source: Primary Survey

Table and graph show the separate cash books for cash receipts and cash payments. It is evident that public sector enterprises maintained separate cash books for cash receipts and cash payment as mean value 4.76 secured highest for this statement.

Conclusion

The assessment of public sector accounting systems reveals a fundamental truth: the transition from traditional cash-based accounting to more modern, accrual-based frameworks is essential for **improving financial transparency and accountability**. While cash-based systems offer simplicity, they provide an incomplete picture of a government's financial health, often failing to report on assets, liabilities, and long-term commitments.

The move toward standards like IPSAS, though challenging, provides a more comprehensive view of public finance. A successful transition hinges on several key factors. First, **political will and leadership** are crucial to overcoming resistance to change. Second, **investments in technology and human capital** are non-negotiable; modern systems require robust IT infrastructure and a workforce trained in complex accounting standards. Finally, a phased implementation strategy, tailored to a country's unique economic and legal environment, is more likely to succeed than a sudden, one-size-fits-all approach. Ultimately, the goal is to build public trust. By providing more accurate, timely, and complete financial information, governments can demonstrate responsible stewardship of public funds, foster better decision-making, and create a more transparent and accountable governance model for the future.

References

- Adamyk, D. (2017). Accrual Accounting in the Public Sector: Why It Matters. International Monetary Fund.
- Al-Okaily, M., Ahmad, A., & Ahmad, N. (2024). The Impact of IPSAS on the Quality of Financial Reporting in Public Sector Organizations: An Empirical Study. ResearchGate
- Al-Okaily, M., Boshnak, H., Alkayed, H., Shehadeh, E., & Alqam, M. (2024). Implementation of Public Sector Accounting Systems and Standards in Improving Financial Transparency. ResearchGate.
- Benito, B., Brusca, I., & Montesinos, V. (2015). The drivers of financial reporting reforms in the public sector: A review of the literature. Journal of Accounting & Organizational Change, 11(1), 2-25.
- Brusca, I., & Condor, V. (2002). The State of Public Sector Accounting Reforms in the European Union. European Accounting Review, 11(4), 785-801. Tawiah, V. (2023).
- Brusca, I., Rossi, S., & Aversano, N. (2018). The impact of IPSAS adoption on financial transparency and accountability: A literature review. Journal of Public Budgeting, Accounting & Financial Management, 30(2), 153-174.
- Camargo, A. M. (2025). Why Public Sector Accounting Reforms Consistently Fail to Deliver Real Transparency and Accountability. Revista DCS, 22(81), e3202.
- Christiaens, J., Vanhee, C., Manes-Rossi, F., Aversano, N., & Van Cauwenberge, P. (2015). The effect of IPSAS on reforming governmental financial reporting: An international comparison. International Review of Administrative Sciences, 81(1), 158-177.
- Gourfinkel, M. (2021). The Public Sector Accounting and Reporting (PULSAR) Program: Assessing the Main Challenges and Opportunities. World Bank Group.
- Gurendrawati, E., Ulupui, I. G. K. A., Hera Khairunnisa, S. E., Ak, M., Zairin, G. M., & SE, M. A. (2021). Issues and Challenges in Implementing International Public Sector Accounting Standards (IPSAS). ResearchGate.
- IFAC. (2021). The International Public Sector Accounting Standards: What They Are, Why They Are Important, and What Is Needed for Their Implementation. International Federation of Accountants.
- IFAC. (2025). The Main Challenges of Public Sector Accounting Reforms and World Bank's Public Sector Accounting and Reporting (PULSAR) Program. International Federation of Accountants (IFAC)
- Lüder, K. (1992). Government Accounting Innovations: A Contingency Model of Government Accounting Innovations. Financial Accountability & Management, 8(3), 205-220.
- Maali, B., & Morshed, A. (2024). Impact of IPSAS Adoption on Governance and Corruption: A Comparative Study of Southern Europe. Journal of Risk and Financial Management, 18(2), 67.
- Momot, A. A., & Djuminah. (2021). ASSESSMENT OF ACCOUNTING SYSTEMS IN THE PUBLIC SECTOR (CASE STUDY OF SOUTH SORONG DISTRICT). International Journal of Economics, Business and Management Research, 5(04), 208-217.
- NetSuite. (2025). 18 Accounting Trends to Pay Attention to in 2025. NetSuite
- Ouda, A. (2003). Accounting for Governments: A Study of the Accounting System for the Government of the Hashemite Kingdom of Jordan. Journal of Public Budgeting, Accounting & Financial Management, 15(4), 519–538.
- Pina, V., Torres, L., & Yetano, A. (2009). Accrual Accounting in Public Sector: A Review of the Literature. Journal of Public Budgeting, Accounting & Financial Management, 21(3), 441-471.
- PwC. (2015). Accrual-based financial reporting in the public sector: A global perspective. PwC Global.
- Roztocki, N., & Weeger, A. (2019). The digital transformation of accounting and finance: A literature review and future research agenda. Journal of Information Systems, 33(3), 297-320.

- Sari, H., & Muslim, M. (2023). The Role of IPSAS in Enhancing Transparency and Accountability in the Public Sector of Jordan: A Literature Review. International Journal of Professional Business Review, 8(5), 1-19. https://www.google.com/search?q=https://doi.org/10.26668/businessreview/2023.v8i5.1970
- Sari, S. N., & Muslim, M. (2023). Public sector accounting reforms and the challenges of sustainability reporting. Journal of Financial Reporting and Accounting, 21(4), 89-105.
- The Relationship between IPSAS Adoption and Resource Allocation Efficiency. Business Perspectives.
- U4 Anti-Corruption Resource Centre. (2011). Public Sector Financial Management and Anti-Corruption.