



Public Sector Financial Management and Accountability in the context of Bangladesh

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Abstract

Accountability is the cornerstone of all financial reporting including government sectors. Accountability requires that government to answer to the citizenry to justify the raising of public resources and the purposes for which they are used. Yet its growing popularity in a number of applied fields, including development policy more especially on public sector financial management. This study examines the management of public funds in terms of how concerned authority give accountability report of their stewardship. Data were collected mainly from the secondary sources particularly revenue collected by the government, recurrent and capital expenditure from the Ministry of Finance (Annual Budget data for the period 2000-1 to 2018-19). The data generated for the study were analysed using ordinary least square (multiple regression). The findings of the study address that the level of accountability is not up to the mark in the context of accessibility, comprehensiveness, relevance, quality, reliability and timely disclosure of economic, social and political information about government activities are completely non available or partially available for the citizens to assess the performance of public officers mostly the political office holders. Therefore, the paper strongly recommend professionalism is essential for ensuring accountability in the public financial management in Bangladesh, and also there must be a reduction in the level of corruption, improving public sector accounting and auditing standards and the value of money must be applied in the conduct of government operations.

Keywords: Accountability, Public Financial Management in Bangladesh, Public Sector Accounting.

1. Introduction

In the twenty first century, almost every country including developed and developing countries, are concerned about how accountability is ensured in public financial management for getting maximum outcomes. Due to the recent crisis in financial sector (stock market crash, hallmark Sonali bank scandal, Bangladesh bank account hacking etc.) the demand for ensuring accountability in financial sectors are increasing around the world including Bangladesh.

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Accountability is the mechanism to report on the uses of public funds or resources. To recover the recent scandals in financial sectors, most of the countries in the world including Bangladesh, now recognize the urgent need to reform their public sectors financial management for getting more desired accountability in the area of public financial management. Recent reforms Financial Reporting Act 2015 (FRA 2015), Securities & Exchange Commission Act 2012 (SEC Act 2012) introduced were particularly aimed at establishing accountability for public funds or to improve more rational use of public resources.

This study aims to address the present scenario of public financial management and level of accountability of concerned authority those who are responsible for making optimum use of public funds and to improve institutional capacity (FRA, Finance Ministry) to promote accountability in public financial management. A transparent, fair as well as accountable public sector financial management is crucial for not only Bangladesh but also for the whole world to meet the challenges brought on by globalization due to new emerging technological advancement in financial sectors. Since, accountability is the prerequisite for ensuring good governance in the society as well as it is the prime principle of corporate governance. **Accountability is the cornerstone of government accounting and core concept for good governance in both private sector financial management and public sector financial management.** So, it is hoped that any improvement linked to the study findings that boost up the performance of key public sectors financial management, will in turn confidence and build general public trust to the government of Bangladesh.

The diagnosis of good practices and guidelines provided by The Chartered Institute of Public Finance and Accountancy (CIPFA) and the

International Federation of Accountants (IFA) and also identifies the key methods to improve public financial accountability are the prerequisite to improving accountability in public sector. It will also assist different responsible ministry under government, donors and the wider public in making public policy choices and prioritizing public fund allocation.

1.1 Public Financial Management & Accountability in the context of Bangladesh

Accountability will enhance or stimulate program development to improve the day to day operations in the public sectors. Better public financial management and accountability are the key indicators for achieving sustainable economic development of Bangladesh. In recent years, the debate on better utilization of public finance for ensuring public accountability has tended to focus on fiscal sustainability though with a primary emphasize still on deficit and debt figure of our national budget by Sharaful Hossen. In most recent years, there has been growing concern regarding the public financial management and the levels of accountability of concerned authority those who are responsible for this subject matter on developing countries, especially Bangladesh, because the efficient use of public funds from both foreign assistance and domestic sources might depends on the public financial management systems by SK Sharaful Hossen.

The key link in the chain of public financial management system and levels of accountability are weak in Bangladesh. Among the major challenges, one of the most important challenges is the lack of accountability of the concerned authority in this regard. This lack of accountability will create multiple problem including level of corruptions, creates opportunities for budget padding, and leads to many under funded projects, delays in implementation of IPSAS by Woods et al (2001). A sound public financial management system will enhance better governance that allows the government to achieve overall macroeconomic sustainability development objectives and proper economic growth which will in turn, more accountability of the authority by Osibote, (2005).

1.2 Scope & Objectives of the Study

As the study aims to address the gap in public financial management and level of accountability of concerned public office holders. Though our alternate objective is to assist or support the

government in the context of current status of public financial management and level of accountability, to reform and improve public sector accountability for ensuring more rational use of public resources as well as action taken to implement the public sector accounting standard. The main purpose of the study is

- ♦ To being addressing this gap in a practical way, this study presents current status public sector financial management and accountability.
- ♦ To identify good practices or the ways that means achieving accountability in public financial management.

1.3 Statement of the Problem

Existing government related budgeting literature tends to focus on the overall allocation of funds and does not examine the management of funds in terms of how public office holders give accountability report of their stewardship. A notable gap in the literature becomes apparent when seeking examples of previous research about public financial management and address the challenges related to public finance in Bangladesh. Existing literature can be considered to generally explain the major challenges of public financial management. But did not adequately address some specific issues including

- ♦ Which public officers are directly accountable?
- ♦ For what they are accountable
- ♦ To whom they are accountable
- ♦ How the accountability is discharge?

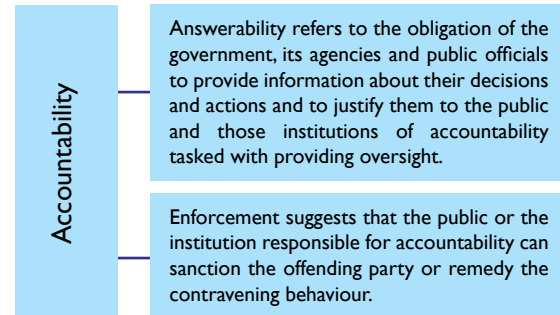
2. Conceptual and Theoretical Framework

2.1 Concepts of Accountability

The term accountability has a long tradition in both public finance & political science and financial accounting as well as government accounting. In political science, John Locke's theory of the superiority of representational democracy built on the notion that accountability is only possible when the governed are separated from the governors (Locke, 1690/1980; cf. Grant and Keohane, 2005). It was also a major concern for the fathers of the American constitution, and few areas have been as fundamental to thinking about the political system in America as accountability (e.g. Finer, 1941; Friedrich, 1940; Dubnick and Romzek, 1993).

Accountability is one of the cornerstones of good governance; however, it can be difficult for

scholars and practitioners alike to navigate the myriad of different types of accountability. Bovens (2005) defined accountability ensures actions and decisions taken by public officials are subject to oversight so as to guarantee that government initiatives meet their stated objectives and respond to the needs of the community they are meant to be benefiting, thereby contributing to better governance and poverty reduction. Bovens (2006) also added that the concept of accountability involves two distinct stages: answerability and enforcement.



According to Bello (2001), huge amount of Naira is lost through one financial malpractice or the other in Nigeria, which to say the least, drains the nation's meagre resources through fraudulent means with far-reaching and attendant consequences on the development or even socio-economic or political programmes of the nation. Johnson (2004) said that public accountability is an essential component for the functioning of our political system, as accountability means that those who are charged with drafting and/or carrying out policy should be obliged to give an explanation of their actions to their electorate.

Premchand (1999) observed that "the capacity to achieve full accountability has been and continues to be inadequate, partly because of the design of accountability itself and partly because of the widening range of objectives and associated expectations attached to accountability".

2.2 Why is Accountability Important to Governance?

Public governance consists of the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved by McNeil, & Mumvuma. (2006). Goetz & Jenkins (2001) described that good systems of public governance result in more efficient and effective use of public finances for attaining policy objectives, while flawed governance opens up opportunities for errors, abuses and a waste of public monies. Accountability therefore is an essential component of public governance.

The Chartered Institute of Public Finance and Accountancy (CIPFA) and the International Federation of Accountants (IFAC) have provided an International Framework for Good Governance in the Public Sector. The framework indicates that good governance consists of the following,

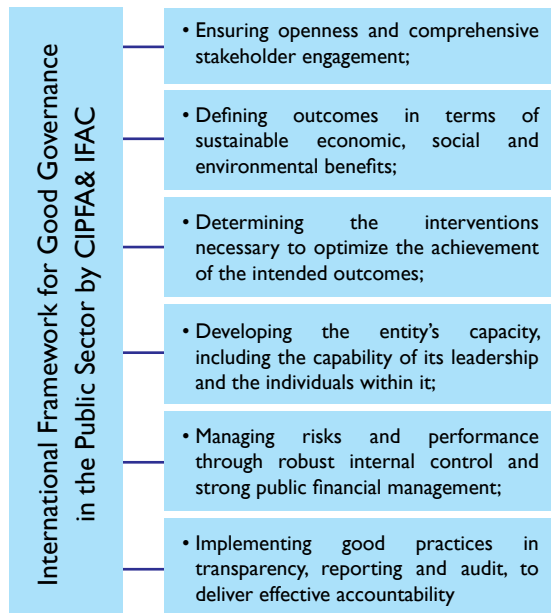


Figure:1 International Framework for Good Governance in the Public Sector by CIPFA & IFAC

Stone (1995) added that accountability plays a fundamental role in ensuring good governance across institutions and processes. When public officers have an obligation to explain and justify their conduct towards other public authorities, or taxpayers and citizens, they are exposed to the judgement and, possibly, the sanctions that can be imposed for any wrongdoing. Matthias (2006) mentioned that in order for the accountability mechanism to work, however, certain conditions must be met, including transparent access to information, reliable accounting systems and an independent media and judiciary.

The governance paradigm: Sahr et al (1997) illustrated that The Economic Development Institute (EDI) of the World Bank and Transparency International (TI) are leaders in the development of new paradigms for accountability, integrity and governance. The 'Principles for EDI's Governance includes:

1. Increasing accountability through increased transparency
2. Focusing on service delivery to the public
3. Raising awareness and expectations of the public that
 - i. citizens have a right to be treated as a customer
 - ii. citizens are entitled to expect clean government
 - iii. civil society has responsibilities as well as rights

Evaluating the ongoing effectiveness of public officials or public bodies ensures that they are performing to their full potential, providing value for money in the provision of public services, instilling confidence in the government and being responsive to the community they are meant to be serving.

2.3 Accountability for Government Accounting

As per the Concepts Statement No. 1, "Objectives of Financial Reporting," the Government Accounting standard Board stated that "Accountability is the cornerstone of all financial reporting in government". Accountability requires that government to answer to the citizenry to justify the raising of public resources and the purposes for which they are used.

Governmental accountability is based on the belief that the citizenry has a "right to know" a right to receive openly declared facts that may lead to public debate by the citizen and their elected representative. Financial reporting plays a major role in fulfilling governmental duty to be publicly accountable in a democratic society,

The GASB believes that interperiod equity is a significant part of accountability and is fundamental to public administration.

Figure:2 Accountability for Government Accounting (Research Study)

According to Coker (2010), the various approaches to accountability based on the language of account can be grouped into:

	Political accountability	Administrative accountability	Professional accountability	Democratic accountability
Basic operational principle	acting following the political and programmatic provisions adopted by the Government	acting in full compliance with the legally established rules and procedures	acting in full compliance with the technical rules and practices of the profession	acting according with the needs and interests of social groups or society as a whole
Internal accountability, to whom?	superior political authority	superior political authority - superior administrative organ or authority	superior professional organ or authority (technical evaluation) - superior administrative organ or authority (administrative evaluation)	
External accountability, to whom?	- Parliament	external organs of supervision and control - citizen as subject - courts of justice	external organs of supervision and control (technical or administrative)	social groups - society as a whole
Subject matter	results of the administrative performance	forms and procedures followed by the administrative action	professional rules and practices followed - results of the professional performance	results of administrative performance

Figure:3 Different dimension of Accountability

2.4 Background to Public Sector Financial Management Transparency and Accountability

In examining public sector transparency and accountability in Bangladesh, the historical background and the political situation must be taken into account. As in many other countries of the world, inadequate levels of transparency and accountability have led to the problem of corruption and other major problems. Corruption in Bangladesh is complex and longstanding and has plagued the country since independence due to the absence of accountability and transparency public sector financial management. Corruption has had a major impact on the country. It has diminished the citizens' confidence in the government, led to the misappropriation and mismanagement of public funds and human resources. To reverse these negative effects, it is instructive to closely examine existing policies and practices in the key areas of public financial management and levels of accountability of government officers.

2.5 Bangladesh's Background Information:

Bangladesh is a South Asian country sharing land borders with India and Myanmar. With a population of over 163 million, it is the eighth most populous country in the world. The country has seen robust growth averaging 6.3% per year over the past decade. Its GDP per capita stands at \$4,600 in PPP international dollars, making it a lower-middle income country by the World Bank's definition. Bangladesh's economic freedom score is 55.6, making its economy the 121st freest in the 2019 Index. Its overall score has increased by 0.5 point, with higher scores on factors including property rights and government integrity countering declines in investment freedom and fiscal health. Bangladesh is ranked 27th among 43 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

Bangladesh has been ranked 41st among the world's largest economies in 2019, moving up two notches from last years. The country has become the second biggest economy in South Asia, according to an analysis by a London-based think-tank. (The Daily Star, 2019).

2.6 Public Financial Management in Bangladesh

The process of strengthening public finance management in Bangladesh could be

metaphorically described as an uphill path full of unprecedented potholes. On the Open Budget Index (OBI), Bangladesh has a score between 41 and 60 and is placed right in the middle, category C3 (C1 being lowest and C5 being highest). According to OBI, this score suggests that while some basic budget information is available, in-depth data on critical factors are missing.

The World Bank has described public financial management (PFM) as being critical to the achievement of public policy objectives, and for efficient, timely, and accountable use of public funds. It is also a reliable indicator of the quality of governance, and, when done right, leads to strong, sustainable economic growth by **World Bank Institute, (2005)**.

Public financial management (PFM) is an essential part of the development process. Sound PFM supports aggregate control, prioritization, accountability and efficiency in the management of public resources and delivery of services, which are critical to the achievement of public policy objectives, including achievement of the Millennium Development Goals (MDGs) by SPEMP, Dhaka, Bangladesh, (2010). In addition, sound public financial management systems are fundamental to the appropriate use and effectiveness of donor assistance since aid is increasingly provided through modalities that rely on well-functioning systems for budget development, execution and control.

2.7 Key Players Public financial management

Ministry of Finance: The Ministry of Finance (MOF), a key player in the stewardship of public finances, is responsible for government finance operations, including annual budget preparation, fiscal management, public debt management, taxation, and economic policy formulation. It oversees the operations of the country's financial institutions, and it plans, implements, and controls the public expenditure policies and programs of the government. Together with other relevant ministries and divisions, the MOF is responsible for the preparation of the medium-term budgeting framework (MTBF) and the annual budget (both nondevelopment and development). It also develops and updates the medium-term macroeconomic framework in collaboration with the Planning Commission, the Bangladesh Bureau of Statistics, the National Board of Revenue, Bangladesh Bank, and other relevant agencies.

Key Players in Public financial management

SI No.	Key Players in Public financial management	Role of Key Players in Public financial management
A	Ministry of Finance	A key player in the stewardship of public finances, is responsible for government finance operations, including annual budget preparation, fiscal management, public debt management, taxation, and economic policy formulation.
	I. Economic Relations Division	The Economic Relations Division (ERD) of the MOF plays a key role in the overall management of external aid including loans and grant.
	II. Foreign Aid Budget and Accounts Wing	The Foreign Aid Budget and Accounts (FABA) Wing of the ERD is broadly responsible for external debt management and foreign aid budgeting.
B	Ministry of Planning	The Ministry of Planning oversees the financial policies of the government and is responsible for socioeconomic planning and statistical management.
	i. Planning Commission	This central planning organization determines the objectives, goals, and strategies of the country's short- and medium-term plans, and draws up policies to achieve the planned goals and targets.
	ii. Implementation, Monitoring, and Evaluation Division	The IMED is responsible for monitoring and evaluating the public sector development projects included in the ADP.
C	Office of the Controller General of Accounts	The CGA functions independently under set rules in all matters relating to treasury functions and accounting principles and procedures. It is responsible for scrutiny of government payments, and for the compilation and II. Key Players 5 consolidation of government accounts including accounting for all external loans and grants received by executing agencies
D	Office of the Comptroller and Auditor General	The CAG is the supreme audit institution of Bangladesh. Articles 127–132 of the Constitution contain provisions relating to the appointment and service conditions of the comptroller and auditor general, including privileges, audit mandate, and reporting procedures.
E	Bangladesh Bank	Bangladesh Bank, the central bank, is the apex regulatory body for the country's monetary and financial system and the banker of the government. Loan and grant proceeds are credited to the government's account through Bangladesh Bank, and all subsequent repayments to lenders are also coursed through the bank
F	Asian Development Bank	The Loan Administration Division of the Controller's Department of ADB (CTLA) is responsible for processing disbursements of loans, grants, and technical assistance, and maintains accounting systems for disbursements and for the billing and collection of loan repayments.
	a. Controller's Department, Loan Administration Division	The Loan Administration Division of the Controller's Department of ADB (CTLA) is responsible for processing disbursements of loans, grants, and technical assistance, and maintains accounting systems for disbursements and for the billing and collection of loan repayments
	b. Bangladesh Resident Mission	Most of the processing of disbursements of ADB-funded projects is delegated by the CTLA to the Bangladesh Resident Mission (BRM) Disbursement Unit, which processes withdrawal applications received from the executing agency or the project management unit.

Figure 4: Key Players in Public financial management (Research Study)

2.8 Structure of Revenue & Expenditure of Public Finance in Bangladesh

The government of Bangladesh has different sources of raising revenue for carrying out the various government functions. Government revenue is money received by a government. It is an important mechanism of the fiscal policy of the government and is the opposite factor of government spending in a particular year. Government Revenue main Sources are divided

into various types. These are Tax Revenue-revenue from various taxes, Non Tax Revenue-Revenue from interest, dividends, profits etc.as well as Capital Receipt – Loans, Borrowing etc.by Bangladesh Public Expenditure and Institutional Review (2010), World Bank.

Like other developing countries, Bangladesh underscores the importance of revenue generation to meet the country's revenue needs and development expenditures with a view to accomplishing some economic and social objectives, such as a redistribution of income, price stabilization and discouraging harmful consumption. However, the revenue structure in Bangladesh is complex and centralized, and involves several agencies, departments and ministries. All the generated revenues are directed into one basket i.e.Account No I of the Bangladesh Bank, which then distributes them through annual budgetary allocation, projects, schemes, block grants etc. by Bangladesh Public Expenditure and Institutional Review (2010), World Bank. Broad Details of Revenue Receipt (Excluding Grants, Loan and Food Account Transactions).

Revenue Receipt		
Tax Revenue (NBR Tax)	NON NBR Tax	NON-Tax Revenue
<ul style="list-style-type: none"> • Taxes on Income and Profit • Value Added Tax (VAT) • Import Duty • Export Duty • Supplementary Duty • Other Taxes and Duty 	<ul style="list-style-type: none"> • Narcotics and Liquor Duty • Taxes on Vehicle (Ministry of Communication) • Land Revenue (Ministry of Land) • Stamp Duty (Non-Judicial) (Ministry of Law and Parliamentary Affair) 	<ul style="list-style-type: none"> • Dividend and Profit • Interest Fine Penalties and Forfeiture • Receipts for services rendered • Rents, Lease and Recoveries • Toll and Levies • Non-commercial Sales • Defence Receipts • Others non-tax Revenue Receipts • Post Office • Capital Revenue

Figure: 5 Details of revenue receipt in Bangladesh by Bangladesh Public Expenditure and Institutional Review (2010), World Bank.

Public expenditure in Bangladesh involves the all the expenses which the public sector incurs for its maintenance, for the benefit of the economy, external bodies and for the country. Public expenditure in Bangladesh is usually categorized into recurrent and capital expenditure. Anyanfo (1996) found that a recurrent expenditure is

made frequently or regularly. In the context of government financial management, recurrent expenditure has an economic life span of less than one year. A capital expenditure has a life span of more than one year for the purpose of acquiring or improving on a fixed asset.

Table-1: Revenue collected by the government, recurrent and capital expenditure for the period 2000-1 to 2018-19. (Taka in Crore)

Year	Revenue	Recurrent Expenditure	Capital Expenditure	Total Expenditure
2018-19	339280	278847	185721	464573
2017-18	287990	250903	14936	400260
2016-17	242752	207817	132788	340605
2015-16	208443	182396	112704	295100
2014-15	182954	145524	104982	250506
2013-14	167459	126762	95729	222491
2012-13	139670	113133	78605	191738
2011-12	118385	100706	62883	163589
2010-11	92847	86092	46078	132170
2009-10	79461	77243	33059	110302
2008-9	69382	66756	28531	95287
2007-8	57301	52928	28475	77403
2007-6	52542	42286	28463	70749
2005-6	45722	38082	26554	64636
2004-5	41300	33208	23839	57047
2003-4	36171	28969	20300	49269
2002-3	33084	23972	19200	43172
2001-2	27239	22038	19000	41038
2000-1	24198	19633	17500	37133

Source: Ministry of Finance(Annual Budget data for the period 2000-1 to 2018-19).

3. Materials and Methods of the Study

This study used ex-post factor research design for which data were collected mainly from the secondary sources particularly Revenue collected by the government, recurrent and capital expenditure from the Ministry of Finance (Annual Budget data for the period 2000-1 to 2018-19).The data generated for the study from the Ministry of Finance (Annual Budget data for the period 2000-1 to 2018-19). were analysed using ordinary least square (multiple regression). Excel software helped us to transform the variables into a format suitable for analysis, after which the Econometric View (Eview) 10 version was utilized for data analysis.

$$REE = \alpha + \beta t REV_t + Et \dots \dots \dots (1)$$

$$CAE = \alpha + \beta t REV_t + Et \dots \dots \dots (2)$$

Where, REV is revenue, REEt is the recurrent

expenditure and CAEt is the capital expenditure. α is the intercept of the regression and βt is the coefficients of the regression, while ϵ is the error term capturing other explanatory variables not explicitly included in the model.

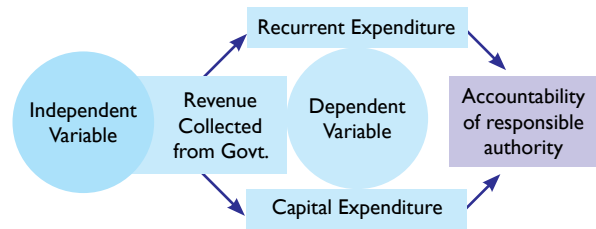


Figure: 6 presents the conceptual framework on public financial management and level of accountability of responsible public officers (Research Study)

4. Research Results and Interpretations

Table-2: Shows Descriptive Statistics amount in a crore

	Revenue	Recurrent Expenditure	Capital Expenditure
Mean	278904.2	99857.63	63672.32
Median	79461.00	77243.00	33059.00
Maximum	3392280	278847.0	185721.0
Minimum	24198.00	19633.00	17500.00
Standard Deviation	758041.1	79983.87	51954.18
Skewness	3.935663	0.943778	0.956138
Kurtosis	16.69223	2.754203	2.698032
Jarques Bera	197.4693	2.868430	2.967157
Probability	0.000000	0.238302	.226825
Observation	19	19	19

On the mentionable table shows the descriptive statistics for revenue, recurrent expenditure and capital expenditure for the period 2018-19 to 2000-1. The revenue, recurrent and capital expenditure showed a mean of (278904.2, 99857.63 & 63672.32), standard deviation of 758041.1, 79983.87 and 51954.18 for revenue, recurrent expenditure and capital expenditure, the skewness and kurtosis of (3.935663, 0.943778 & 0.956138) and (16.69223, 2.754203 and 2.698032).

The descriptive statistics shows that the minimum revenue made by the government amounted too 24198.00 crore, but this amount does not reflect on the life of the average people of the country. The faces of an average citizen of Bangladeshi on the eight division other major cities in the country is that of abject poverty, unemployment, lack of standard infrastructures etc. This is because of the complete absence of accountability and transparency in the

effective and efficient management of public funds by public office holders all over the country.

4.1 Regression Analysis

Table-3: Result of Regression Analysis

Dependent Variable: REE

Method: Least Squares

Date:05/24/19

Sample:2001-19

Included observations:19

Variable	Coefficient	Std. Error	t-Statistic	P-value
Constant	81437.72	15742.33	5.173167	0.0001
REV	0.066044	0.019958	3.309162	0.0041
R-squared	0.561783	Mean dependent var.		99857.63
Adjusted R squared	0.551686	S.D dependent var.		79983.87
S.E of regression	64186.47	F-statistic		10.95055
Sum Squared resid.	7.00E+10	Prob.(F-statistic)		0.004147
Log likelihood	-236.2246	Akaike info criterion		25.07627
Durbin Watson Stat	.513963	Schwarz criterion		25.09310

Source: E-View program output

The table above show that there is a significant relationship between recurrent expenditure and government revenue because the p-value of 0.0041 is less than the critical value of 0.05 and the R2 shows that about 56% variations in revenue is explained by recurrent expenditure. This result has shown that most of revenue derived by government is spent on the payment of Officers' pay, Staff's pay, Allowances, Administrative Expenses, Domestic training, Employment-related social benefits in cash, Social assistance benefits in cash, Interest on national savings, Primary production subsidy are the notable sectors. This is why most of the budget in Bangladeshi is purely on recurrent expenditure.

Table-4: Result of Regression Analysis

Dependent Variable: CAE

Method: Least Squares

Date:05/24/19

Sample:2001-19

Included observations:19

Variable	Coefficient	Std. Error	t-Statistic	P-value
Constant	51233.43	9955.847	5.146064	0.0001
REV	0.044599	0.012622	3.533482	0.0026
R-squared	0.423445	Mean dependent var.		63672.32
Adjusted R squared	0.419530	S.D dependent var.		51954.18
S.E of regression	40593.13	F-statistic		12.48549

Variable	Coefficient	Std. Error	t-Statistic	P-value
Sum Squared resid.	2.80E+10	Prob.(F-statistic)		0.002552
Log likelihood	-227.5189	Akaike info criterion		24.15989
Durbin Watson Stat	.429625	Schwarz criterion		25.09310

Source: E-View program output

On the mentionable table shows that there is a significant relationship between capital expenditure and revenue of the government in Bangladesh because the p-value of 0.0001 is less than the critical value of 0.05 and the R2 of about 42% variation in revenue is explained by capital expenditure. This also shows that the budget is Bangladesh is less concerned with the provision of basic infrastructures for the long run growth of Bangladesh. This is why there is complete absence of sustainable roads, better quality hospitals, water supply, electricity etc in the country because the Bangladeshi budget and expenditure framework is recurrent expenditure driven.

4.2 Augmented Dickey Fuller (ADF) test

Table-5: Augmented Dickey Fuller (ADF) test result:

	t-Statistic	Prob.
The Augmented Dickey Fuller (ADF) test	-46.65846	0.000
Test Critical Values: 1% Level	-3.857386	
5% Level	-3.040391	
10% Level	-2.660551	

*MacKinnon critical values for rejection of hypothesis of a unit root.

Source: E-view program output

The Augmented Dickey Fuller (ADF) test shows a value of -46.65846 is less than 5% critical value of -3.040391 that is $(-46.65846 < -3.040391)$ gives stationarity at the first difference.

5. Concluding Remarks & Way Forward

Accountability will enhance development program to improve the day to day operations in the public sectors. Better public financial management and accountability are the key indicators for achieving sustainable economic development of Bangladesh. In recent years, the debate on better utilization of public finance for ensuring public accountability has tended to focus on fiscal sustainability though with a primary emphasize still on deficit and debt figure of our national budget. There are several mechanisms through which accountability is enforced in public financial management. This study addresses **Ten Key Methods to Improve Public Financial Accountability.**

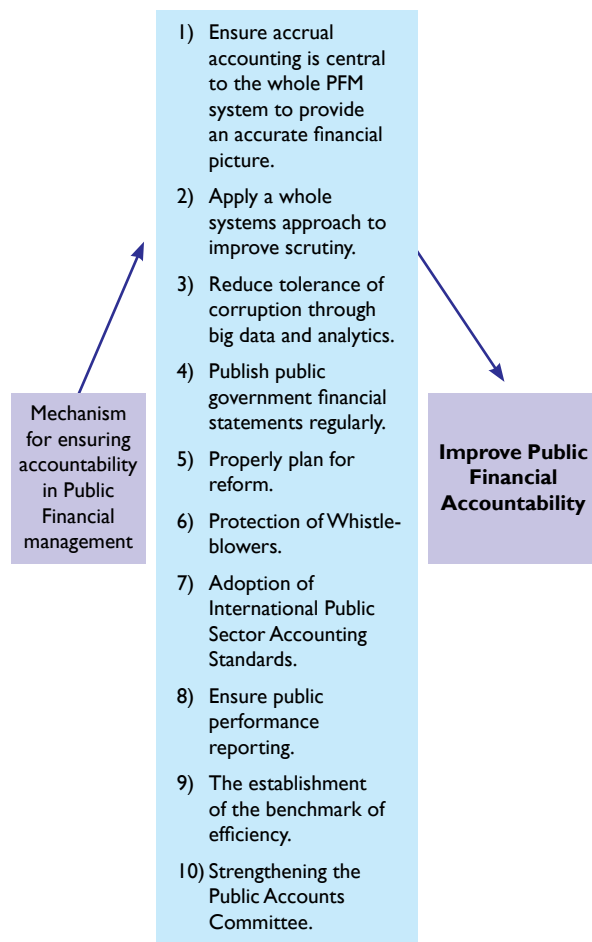


Figure 7: Ten Key Methods to Improve Public Financial Accountability



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“Accountability is the cornerstone of government accounting and core concept for good governance in both private sector financial management and public sector financial management.”