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REVAMPING GOVERNMENT ACCOUNTING: IMPACT OF NEW SYSTEMS ON FINANCIAL GOVERNANCE

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Abstract: The new governmental accounting system introduces a distinct division, encompassing the management system of basic principles and the accounting management system of accounting disciplines and tables. Unlike the traditional accounting system, this innovative approach separates these two accounting domains, marking a significant shift towards integrating financial and budget accounting methods. This division brings about a transformation in both accounting and management practices, offering unique insights into government financial operations.

Keywords: Governmental accounting, Accounting system, Financial accounting, Budget accounting, Management practices.

1. A brief introduction to the new governmental accounting system

1.1 Division of new governmental accounting system

The new governmental accounting system can be divided into two parts, one is the management system of basic principles, the other is the accounting management system of accounting disciplines and tables. Unlike the previous accounting system, it separates the two types of accounting from a separate accounting system. Separation is the integration of financial accounting and budget accounting, completing accounting and management methods. It can be analyzed from the following two aspects.

1.2 Analysis of the contents and key points of the new governmental accounting system

The new governmental accounting system can be analyzed from the following two aspects: first, it has the characteristics of proper separation of budget accounting and financial accounting at the same time, in which the accounting structure under the financial accounting mode is based on cash basis, producing financial statements^[1]. The key points in the budget accounting model are expense budget income, expenses, and account balances, which are based on the cash basis and generate final accounting reports. Secondly, the two modes of budget accounting and financial accounting are interconnected, that is, using parallel processing and bookkeeping in daily business processes to complete mutual authentication and cross checking of the two accounting systems based on the reconciliation table of the difference between the current year's profit and the current year's expense budget. The new accounting system for government departments is composed of two key parts, namely, the basic principles management system and the accounting system related to accounting disciplines and forms^[2].

1.3 Characteristics of the new governmental accounting system

The implementation of the new governmental accounting system extracts two kinds of accounting from one accounting management system. The dual accounting model, which closely combines financial accounting and budget accounting, unifies the accounting and management methods of government units. The key features are two. Firstly, it has the characteristic of appropriately separating budget accounting and financial accounting models, that is, under the financial accounting model, financial statements are generated based on the five

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elements as the accounting framework and the cash basis; In the budget accounting model, expense budget income, expenses, and account balances are generated using the cash basis to generate final accounting reports^[3]. The second is the docking of budget accounting and financial accounting modes, that is, the parallel processing of the two modes is completed in the daily business process, and the mutual authentication and verification of the two accounting software software is finally carried out according to the customized auxiliary forms.

1.4 Promoting the optimization of resource allocation

The new governmental accounting system takes into account the financial needs of both the budget management and financial management of public institutions, strengthens and standardizes the budget management and cost accounting of public institutions, and supervises the efficiency and circulation of financial funds of budget units. The new governmental accounting system standardizes accounting elements such as asset management, depreciation accrual, and operation and maintenance expenditure to achieve efficient management and control of the asset allocation of public institutions. It further accurately depicts the feasibility of specific project implementation, resource utilization, asset input-output ratio and other information to achieve the optimal allocation of government financial resources^[4].

1.5 Overall consideration of the management advantages of the dual accounting system

The dual accounting based financial reporting system further comprehensively covers and manages the financial activities and daily system execution supervision of public institutions, pays attention to the achievement of annual budget performance of public institutions, and effectively supervises the financial internal control results of public institutions. The specific financial activity content and fund supervision focus of the main units under different industries and service natures are different, including budget units that rely on different sources of income such as full fiscal allocation or fiscal subsidies, as well as fund supervision by some financial revenue generating departments^[5]. By implementing a unified and standardized new Governmental accounting system, we can achieve the advantages of giving consideration to both budget and financial control, and standardize the accounting basis of financial activities of local budget units at all levels. We can not only set different subjects according to their own service characteristics, but also achieve a uniform accounting system on the whole.

1.6 Strengthening risk control in daily activities

The new governmental accounting system, in combination with the operational characteristics of actual economic activities, adopts the accrual based accounting method to more fully reflect the current operating status, capital flow and risk resistance of the budget entity. From the perspective of financial internal control, it strengthens the risk control of daily financial management activities, which helps to intuitively display the overall operating quality and benefit creation of the budget unit. The traditional accounting system is based on the cash basis of accounting, objectively reflecting the financial statement information of the operating entity in the current period, which helps budget units to standardize and improve the quality of accounting information. Public institutions carry out financial management, budget management, performance management, and other work around organizational operational development goals, requiring budget accounting and financial accounting to reflect the overall operational status of the organization from different dimensions^[6].

2. Opportunities brought by the new governmental accounting system for asset management of government units

2.1 Renovation of government asset definition and standardization of government asset management

In the traditional governmental accounting standards, the measurement of government assets is often based on currency, which is defined as the economic resources held by administrative units. The release of the new government system has adjusted and innovated the measurement method to use enterprise accounting, and its definition has also been modified, from the original unit possession to the economic resources controlled by the

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government to perform its functions and conduct business activities^[7]. The keyword shift from "possession" to "control" has more clearly defined the scope of government assets, and has also helped accounting entities clarify the use and management rights of government assets, providing a clearer judgment on the economic benefits of assets, thereby promoting the accounting of government assets in administrative units and standardizing the management of related assets. In addition, from the perspective of optimizing and adjusting government asset management, accounting methods ensure the authenticity and accuracy of asset data, improve the handover of various links in the financial department of the unit, and ensure the scientific and rational financial management, in order to achieve the goal of improving the efficiency of government asset management.

2.2 Innovation in the basic depreciation model, facilitating asset management work

The new governmental accounting system has innovated the basic mode of government asset depreciation. The first is the scope of depreciation. The provisions on asset depreciation in the old Accounting Standards for Public Institutions did not clearly specify the specific scope of depreciation. The new governmental accounting system provides a basis for defining the scope of asset management depreciation. The second is the innovation of depreciation methods. The main method of asset depreciation in the old governmental accounting system is the virtual depreciation method based on the cash basis, which has little effect on the cost accounting management of government assets. After the new governmental accounting system was put forward, the asset depreciation method was transformed into the management mode of the receivable payable system, and new requirements were put forward for the detailed operation of depreciation. The new depreciation method made the government asset management work unified and standardized, promoted the real-time value calculation of government assets to be more accurate, and fundamentally facilitated the government asset management work.

2.3 Asset management system innovation, improving asset management efficiency

With the promotion of the new governmental accounting system, all government agencies have installed advanced government asset management information systems in place, so that the entire life cycle of government asset use can be comprehensively and reliably managed. When storing various government assets, use corresponding asset cards with barcodes for acceptance registration, and use software to scan the codes during management, which is both convenient and accurate. When the audit department conducts asset inventory, barcode guns are used to scan barcode labels. The software can automatically generate profit or loss data based on the obtained data, and perform statistics and analysis on this. The superior supervisory department of public institutions can also receive data through software and analyze the actual asset status of each unit. The application of asset management information system allows supervisory departments to monitor the use of government assets in public institutions at any time, in order to improve the management efficiency of government assets in government units nationwide.

3. Problems in asset management of government units under the new Governmental accounting system

3.1 Weak leadership management awareness

After a visit and investigation, it was found that at present, government unit leaders mostly focus on social services in operation and management, and do not recognize the importance of strengthening government asset management for the overall operation of the unit. They do not attach great importance to the work of government asset management, and relevant policies clearly stipulate that government units should clearly list their own government asset accounts and conduct regular inspections to avoid the phenomenon of unit fund loss. But in reality, the leaders' actions and policies clearly contradict each other. The reason for the weak awareness of government asset management among leaders is that the operation and development of public institutions are relatively stable without significant fluctuations, resulting in a formality of government asset management and a lack of timely optimization and innovation of management methods. This leads to a lack of standardization in the management and construction of government assets in government units, resulting in inadequate inventory and unclear responsibility systems.

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3.2 Insufficient ability of financial and accounting personnel

Many staff members in government units lack professional skills and a strong sense of responsibility. Before and during the employment of financial and accounting personnel, the training content is only sufficient to cope with the workflow of their respective positions. The new governmental accounting system puts forward higher requirements for the financial treatment of the inherent assets of public institutions, and there are also major changes in management, such as changes in the depreciation mode, changes in the content of accounting subjects, adjustments in asset accrual, and regular inventory of inherent assets. Due to the lack of corresponding learning and training of accounting staff, and their low level of mastery of the new system, accounting staff are unable to be competent for new tasks. In addition, leaders' lack of attention can easily lead to loopholes in government asset management work, such as failure to timely record the scrapped government assets in accordance with national regulations, leading to the loss of inherent assets.

3.3 Inefficient asset utilization

As mentioned above, the accounting method under the old governmental accounting system is cash basis, which is because most government units in China rely on state funding, which leads to problems. On the one hand, some public institutions rely solely on state funding and lack economic resources, resulting in insufficient operating funds and inability to purchase advanced office equipment, greatly reducing the work efficiency of staff in various departments. On the other hand, some government units have a free and sufficient economic freedom. Therefore, there is no requirement for the provision of depreciation of government assets, so the cost of purchasing office facilities and other government assets cannot be accurately accounted. As a result, the use efficiency and cost of government assets cannot be controlled, and the use of government assets is likely to cause value loss.

3.4 Insufficient sound management system

The government asset management system under the original standards had many shortcomings. Firstly, there was no clear division of responsibilities. Many units did not establish a government asset management department, and their business was recorded or managed by the finance department. Due to the functional characteristics of finance, they only focused on managing the accounting records of government assets, while there was basically no management of other conditions of government assets. This is the direct reason for the idle and disrepair of assets. Secondly, the registration of inherent assets is not timely. When physical inherent assets are added to the unit, there is a problem of not being recorded and not being recorded in a timely manner. When personnel are transferred or facilities are processed, they are not written off in a timely manner, which clearly leads to inaccurate actual value of inherent assets. Finally, the management of replacement is not standardized, and some units' inherent asset management is too casual. For example, if there is a small problem with office facilities, they will be replaced, and even some units blindly dispose of facilities in good condition to raise budget funds, resulting in serious waste of government assets.

3.5 Defects in internal control mechanisms

Due to the lack of attention paid by leaders to government asset management, many government units have not established specific government asset management institutions, and have delegated the execution power of asset liquidation, entry, and management to the financial department. This phenomenon of overlapping responsibilities not only increases the financial workload, but also causes conflicts between the accounting and supervision functions of government assets, resulting in unclear asset details and unclear scrap accounts. This makes the internal control mechanism meaningless. Unsupervised financial work is likely to result in untimely recording and updating of projects, affecting the accuracy and authenticity of asset accounting results, leading to discrepancies between projects and reality.

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4. Countermeasures for strengthening asset management of government units under the new governmental accounting system

4.1 Strengthening the awareness of government asset management and comprehensively implementing scientific management

The key to strengthening government asset management in government units lies in changing concepts and strengthening the awareness of government asset management among staff at all levels, especially leaders. The superior leaders need to play a leading role, establish the correct management thought based on the correct study of the new governmental accounting system, and reasonably divide the responsibilities of each department, so as to guide the propaganda department to strengthen the publicity and education on the asset management of the internal staff of public institutions at all levels, so that the staff of all departments of public institutions can realize the importance of government asset management, and guide the staff of all departments to actively participate in asset management activities. Mutual supervision ensures the standardization of asset utilization and disposal, and creates a favorable environment for the implementation of government asset management work in the unit. In addition, higher-level cadres should analyze the current situation of government assets in public institutions from a development perspective, clarify the problems in asset management, and establish a government asset management responsibility system. The responsibility for introducing, maintaining, and disposing of government assets should be clearly assigned to departments and individuals, and the management of the government asset operation cycle should be strengthened to accelerate the improvement of the inherent asset management model, and improve the efficiency of government asset management in public institutions. While scientifically assigning management responsibilities, it is also necessary to implement the reward and punishment system in place, select outstanding and experienced senior employees to establish a professional review team, and strengthen the evaluation and assessment of government asset management work, in order to comprehensively ensure the effective implementation of government asset management work, avoid asset waste and loss, and provide strong guarantees for government asset management.

4.2 Strengthening skill training for financial and accounting personnel, and providing professional talents for the implementation of the system

The new governmental accounting system has raised the requirements for government asset accounting, accrual and depreciation, and clarified the responsibilities and obligations of public institutions for government asset management. The sudden increase in workload is a challenge for accountants. Therefore, accountants need to improve their professional level urgently. In order to comply with the requirements of the new system, public institutions should provide training and learning opportunities for financial and accounting personnel, enrich their professional knowledge reserves and improve their management skills. For example, we can regularly organize management training or hire financial experts to hold symposiums, share asset management experience with finance and accounting personnel, analyze industry development trends, and discuss asset management models, in order to strengthen relevant staff's in-depth understanding of the new system, and improve the business skills of finance and accounting personnel to become high-level talents who meet the requirements of the times and can effectively manage government assets of the unit. In addition, when recruiting asset management talents, public institutions should improve the recruitment standards, and conduct investigation from various aspects, such as professional knowledge reserves, professional ethics, management practice experience, etc., to ensure that their ability can be competent for the job content. When managing government assets, they can comply with and strictly follow the new governmental accounting accounting system, conduct accounting treatment fairly and impartially, and ensure the normalization of government asset management.

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4.3 Innovating the depreciation method of government assets and improving the efficiency of government asset utilization

With the rapid development of the economy, the speed of updating office equipment and technology in public institutions is also accelerating. This phenomenon has led to huge losses of government assets in public institutions. Based on this, public institutions need to improve and innovate the depreciation methods of government assets, and find more precise depreciation measurement methods. In this regard, reference can be made to the depreciation measurement method of enterprises to accelerate the flow of government assets, which can achieve sufficient operating funds while saving tax expenses of public institutions and improving the utilization efficiency of government assets. In addition, asset sharing models can also be utilized to create asset sharing media using modern advanced equipment, enabling relevant personnel to have a clearer understanding of the actual use of government assets. For example, after the end of the current project, management personnel can promptly discover idle government assets and share them with other relevant departments in need of the assets through scientific allocation mechanisms and asset sharing platforms, enable idle assets to be reused to improve the efficiency of government asset utilization.

4.4 Improving the management system of public institutions and improving the government asset control mechanism

Without rules, no square can be formed. Any enterprise or administrative unit needs a sound management system. To prevent the occurrence of negative phenomena such as corruption and slack work, government units should establish a fair and just government asset management and supervision system based on their own business types and actual work content, and reduce asset loss in all aspects during operation. When establishing the supervision system, leaders should follow the principle of performing their own duties, divide the implementation and supervision of government asset management into two departments, and implement the responsibility of government asset management to each post, in order to let all employees not only assume the responsibility of the corresponding departments but also supervise each other in the work of government asset management, to let everyone have a sense of ownership. Only when the functional division of each department is clear can they play the role of mutual supervision and mutual restriction. In addition, it is more important to improve the internal control mechanism of government assets in public institutions, optimize the internal control system, standardize the introduction method, usage records, disposal scope, and procedures of government assets, and make the life cycle of government assets transparent and controllable. For units with inherent internal control mechanisms, it is necessary to strengthen their audit efforts on government assets, regularly check and verify the physical and ledger of government assets, as well as the entry details, to ensure the full supervision and management of various assets within the unit from procurement to acceptance and use, and later maintenance, in order to avoid false accounting, fuzzy inspection, and false bidding, ensure the safe use of government assets in public institutions, and promote the improvement of efficiency in government asset management work.

5. Conclusion

In a word, the new governmental accounting system brings opportunities as well as challenges to the management of government assets of government units. Public institutions should recognize the importance of government asset management, seize the opportunities, and meet the challenges, in order to reform and innovate the management of government assets from various aspects such as strengthening awareness, strengthening training, innovating depreciation, and improving the system, effectively strengthen management, and ensure that the accounting records of assets are consistent with the actual situation, and improve the overall utilization efficiency of government assets by government units.

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