A Study Examining the Adoption of New Public Management Inspired Accounting Reforms in the Solomon Islands: A Foucauldian Perspective

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ABSTRACT

This study explores the adoption and practice of two New Public Management (NPM) inspired accounting tools, (cash-basis IPSAS or cash IPSAS for short, and performance-based budgeting) and a participatory accounting system, that incorporates local knowledge in the Solomon Islands. The study was informed by recent calls to pay attention to the context where the reforms are implemented to better understand how the reforms can be translated to suit local needs. This followed numerous failures, especially by developing countries in streamlining their accounting practices to align with international best practices framed under the doctrines of NPM. Similarly, despite the burgeoning literature emphasising the significance of the context, there remains insufficient empirical evidence on the wider social impacts of these accounting reforms. This study responds to these concerns by using a qualitative inquiry approach that draws on Michel Foucault's concepts of power/knowledge. The findings of this study identified the existence of a dominant power centralism regime or bigman politics as a key factor influencing the adoption and practice of these neo-liberal reforms in the Solomon Islands. At the national government level, the cash IPSAS and performance budgeting have been unsuccessful in providing greater accountability and improved service delivery. The two reforms have been obstructed by politician-allocated expenditures (PAEs) such as the Rural Constituency Development Fund (RCDF), which is an attribute of the bigman system. This leads to detrimental implications for the two reforms at the national government level. On the other hand, implementing the cash IPSAS and the participatory budgeting system at the provincial level has improved accountability and transparency. The incorporation of the reforms with a locally designed funding framework called the Provincial Capacity Development Fund (PCDF) has been instrumental in transforming the problematic provincial government institution. Recent Auditor General's reports have revealed drastic improvement as the provincial governments strive to maintain an adequate level of compliance to qualify for PCDF annual grants. A significant outcome of this is enhanced social accountability, which has enabled citizens to question and hold the elites at the national government level accountable. Overall, the findings revealed two important implications for accounting: implications for NPM and the broader social implications. For the first, the concept of accountability framed under the NPM doctrine has not been achieved. The social form of accountability associated with the PAEs equated accountability with social relations, norms, and visibility. Accordingly, it clashed with the accountability framed under NPM that emphasises reporting and complying with a set of performance-based criteria. The second identifies the broader societal implications of the reforms for the Solomon Islands. The enhanced social accountability through which the rural and mass public in Honiara have been empowered has led to greater participation in governance. This creates new mindsets and the reconstruction of new knowledge concerning the mode of governing using the controversial Constituency Development Fund (CDF). The reforming of the controversial CDF Act 2013 is a significant positive social outcome of the reforms. The study thus provides further empirical insights into how neoliberal accounting tools inspired by the doctrines of NPM, when locally designed, can produce better results. Policymakers, therefore, should promote an integrated approach to reform that reflects the localities of developing countries when proposing international best practices.

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ABBREVIATIONS AND ACRONYMS

BSIP	British Solomon Islands Protectorate
CBSI	Central Bank of the Solomon Islands
EEs	Emerging Economies
FGD	Focus Group Discussion
FMO	Financial Management Ordinance
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
MPA	Members of the Provincial Assembly
MP	Member of Parliament
NPM	New Public Management
PAE	Politician Allocated Expenditure
PCDF	Provincial Capacity Development Fund
PB	Participatory Budgeting
PBB	Performance-Based Budgeting
PFAA	Public Finance and Audit Act 1978
PFMA	Public Finance and Management Act 2013
PG	Provincial Government
PGSP	Provincial Government Strengthening Programme
PSAR	Public Sector Accounting Research
OAG	Office of the Auditor General
RAMSI	Regional Assistance Mission to the Solomon Islands
RCDF	Rural and Constituency Development Funds
RQ	Research Question
SIG	Solomon Islands Government
WDC	Ward Development Committee

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ATTESTATION OF AUTHORSHIP

I hereby declare that this submission is my work, and that to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgement), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

Marianne Oru

18/03/2024

CHAPTER 1: INTRODUCTION

1.1 Background

Two neo-liberal accounting reforms under the new public management doctrines (accrual accounting and performance-based budgeting) have been introduced by the Regional Assistance Mission to the Solomon Islands (RAMSI) after the country had been declared a failed state following the 1998-2000 ethnic unrest. The introduction of the reforms was part of RAMSI's economic revitalisation program, which aimed to restore financial discipline and accountability in the management of government resources. Due to the lack of a relevant level of institutional capacity within the Solomon Islands government ministries, the cash IPSAS was adopted as an initial step towards adopting its accrual version in the near future. However, despite numerous efforts by the donors (e.g., RAMSI and United Nations Development Programme), the cash IPSAS failed to be implemented for the main account at the national government and was only implemented by the provincial governments.

Interestingly, the institutional capacity at the provincial level was lower than that of the national government. Most provincial treasurers lack the relevant tertiary qualifications in accounting and finance. Further, the problematic nature of the provincial governments is historical, as it has its roots in the rivalry between the early headmen and the traditional elders during the colonial era (discussed in Chapter 2). It created a resistance to change mindset, where the provinces resisted being governed as mere agents of the national government. Yet, the cash IPSAS and the participatory budgeting, have been fully adopted and have transformed the problematic provincial government institution in the Solomon Islands. One of the significant outcomes is how this has led to fostering greater social and democratic accountability, especially at the national level. As discussed in Chapter 2, notions of power centralism including an authoritarian style of leadership which are attributes of the bigman system, are very dominant at the national government level. This scenario has motivated this study to explore *how* the reforms penetrated the dominant informal power structures and produced positive societal impacts for the Solomon Islands. [1]

[1] Regional Assistance Mission to the Solomon Islands (RAMSI) was a regional intervention headed by the Australian government to resolve the 1998-2000 ethnic conflict in the Solomon Islands. Details are provided in Chapter 2.

This introductory chapter provides the background of the research, the aim of the study supported by four research questions, the motivations, and the significance of the study. The chapter also provides a brief outline of the overall structure of the thesis.

1.2 Research problem

Public sector accounting research (PSAR) with an emphasis on the challenges faced by developing countries in adopting NPM-inspired accounting reforms, has become a popular research agenda in recent years (Adhikari et al., 2021; Grossi et al., 2023; van Helden et al., 2021). A common theme that surfaces in recent literature is the lack of proper consideration given to the context where the reforms have been implemented (Assad et al., 2016; Bakre et al., 2021; Hopper et al., 2017). This is attributed to the role of international donors as front-line actors, which led to the reforms being adopted merely for ceremonial conformity. Arguably, the failure of NPM-inspired accounting reforms such as accrual accounting or IPSAS is attributed to a lack of attention given to the politics and cultures, issues that characterise the public sector settings of developing countries and emerging economies (Helden & Ouda, 2016; Hopper et al., 2017). Christensen and Lægreid (2001) pointed out that the success of accounting reforms of such nature depends highly on how well the reforms can relate to the local settings. Yet, there has been relatively little in-depth analysis to show the connection between neo-liberal accounting reforms inspired by NPM and the context (Kuruppu et al., 2021; van Helden et al., 2021).

Moreover, despite the burgeoning literature emphasising the significance of the context, there remains insufficient theoretical and empirical evidence on the underlying power struggles, domination, and cultural factors such as kinship relations, which very often impede the implementation of these reforms, especially in developing and emerging economies (Bakre et al., 2022; van Helden et al., 2021). Consequently, recent literature has highlighted that research should focus more on the outcomes of the reforms (Polzer et al., 2021). This calls for renewed exploration that goes beyond the economic-related outcomes of these reforms. For instance, in a recent review, the social or societal impacts of the NPM-related reforms remained poorly represented in the literature (van Helden et al., 2021). The present study responds to these shortfalls by utilising the Solomon Islands' rich cultural and historical setting to explore this accounting phenomenon. It thus, prompted the study to approach this subject through critical research. As described above, the centralised power regime which is a dominant contextual feature of the Solomon Islands, has its roots in the colonial era. Critical research has greater potential as it uses theories that mobilise arguments relating to power, colonialism, inequalities, and societal change (van Helden et al., 2021). For this reason, this thesis draws on Foucault's discourse of power/knowledge (disciplinary power and governmentality, including technologies of the self and counter-conduct) to explore the role of accounting and its wider social implications (Burchell et al., 1985; Mennicken & Miller, 2012).

1.3 Research aims and research questions.

This research was predicated on the claim that the role of accounting in facilitating change through neoliberal accounting tools under the doctrines of NPM can be understood with reference to the particular setting where the reforms are implemented (Assad et al., 2016; Hopper et al., 2017). Informed by the recent calls to pay attention to the context to understand how the accounting tools or reforms can be translated to suit local needs (van Helden et al., 2021), four primary research questions have been framed to aid this inquiry.

RQ1: How have the accounting tools under the NPM doctrines been adopted and implemented in the Solomon Islands?
RQ2: Why were the reforms adopted and implemented in the manner identified in RQ1?
RQ3: What are the outcomes of the reforms?
RQ4: What are the implications of the reforms?

These research questions have been developed to focus the study on the context of the public sector of the Solomon Islands. The study draws on the definition of context to mean 'locating an accounting phenomenon in its relevant socio-political, historical and cultural setting' (Alawattage et al., 2017, p. 179).

1.4 Significance of the study

The findings of this study will be useful to policymakers and relevant stakeholders in improving governance and accountability in the Solomon Islands, and perhaps also in developing countries with similar systems. The Solomon Islands, with its unique cultures and historical background, has the potential to provide an in-depth analysis of this subject to respond to the issues highlighted in the literature. In particular, the historical experiences gained through the efforts of countering British hegemony in the Pacific region present Solomon Islands as an ideal case for providing an alternative view of this accounting phenomenon using Foucault's critical lens.

One of the key historical events was the anti-colonial activist group called the Ma'asina movement (discussed in chapter two) which was established after the Second World War to counter British domination and subjugation in the Solomon Islands. The engagement in counter-hegemonic activities, which led to the institutionalisation of the prison system, has had significant cultural implications for the Solomon Islanders. One of these is the notion of *kastoms* that denotes resentment towards Western ideologies. Coupled with the experiences Solomon Islanders gained as labourers in the early plantation economy and the blackbirding, where Solomon Islanders with other Melanesians were kidnapped to work in sugar plantations in Queensland, Fiji, and Samoa. Together, these historical events provide the Solomon Islands with a context within the Pacific region that is both rich and unique for exploring this accounting phenomenon using a critical research lens.

The outcomes of this study may benefit developing countries in the challenges they face in relation to power imbalance, domination, and other societal issues that the literature has identified as obstacles to reform development in developing countries. The study highlights some of the key challenges attributed to the lack of robust financial regulations which also limit the efforts of the reforms in facilitating change. Taking on the critical path, the study unveils the existence of power centralism regimes which are commonly found in Indigenous settings. The study unpacks how the power regime influences reforms that adopted neoliberal accounting doctrines under the NPM. In doing so, the study makes five contributions to the literature.

Firstly, this study contributes to a better understanding of how accounting tools mobilised under NPM can relate to the local setting and how these can foster better results (Bakre et al., 2022; van Helden et al., 2021). The study provides empirical evidence that illustrates when NPM-inspired accounting tools are incorporated with locally-led initiatives, enabling locals to take the lead in reform design, and implementation has been found to produce better reform results. Secondly, while the extant prior studies on this subject have focused more on the economic and market-related outcomes such as improved financial accountability and efficiency in the public sector service delivery, the broader societal impacts of these reforms remain underrepresented in the literature (van Helden et al., 2021). This study contributed to filling this gap by taking on a critical research approach using Foucault's discourse of power. Foucault's lens enables this study to identify the social or societal implications of neoliberal accounting tools implemented under the doctrines of NPM. As demonstrated by this study, accounting was instrumental in countering the controversial political fund (RCDF) which is an attribute of the bigman system. Similarly, accounting was also implicated in mediating between conflicting parties. In Solomon's case, it led to the restoration of moral values in traditional governance and improved collaborations between the conflicting bodies. These societal impacts are elaborated in Chapter 9.

Thirdly, Foucault's notions of power in governmentality have been used widely to capture how accounting was deployed as a technology of conduct in various settings (Rose & Miller, 1992b). Prior studies have illustrated how accounting was deployed as a governmentality regime to achieve certain normalisation in specific settings at both micro and macro levels (Alawattage & Azure, 2021; Baud & Chiapello, 2017; Bigoni et al., 2020). However, the role of accounting remains unclear when programmes of diverse nature with conflicting rationales are mobilised to pursue political rationalities (Ahrens et al., 2020). Ahrens et al. (2020) assert that accounting can play diverse roles in counter-conduct. This study contributes to this debate by showing how accounting was implicated in countering conflicting forms of programmes and their rationalities and how this triggers the rethinking and reconstruction of programmes. Furthermore, using Foucault's critical lens also contributes to the literature on the emancipatory potential of accounting (Modell, 2017). The study applies Foucault's notions of reflexivity that incorporate dimensions of technologies of the self to demonstrate how the participatory budgeting reform empowers the rural and marginalised population in the Solomon Islands to engage and become active participants in government. The enhanced social accountability is a significant outcome of this which provides further empirical contributions to the debate on this subject especially for developing countries (Célérier & Botey, 2015; Kuruppu et al., 2016).

Finally, the literature on accounting and power has highlighted the interconnections between the two. As demonstrated in prior studies, accounting can be selectively applied to coercive and manipulate decisions (Gunatilake et al., 2024; Sharma et al., 2014). Similarly, when accounting was used merely for political hegemony it undermined its role in achieving greater financial controls (Dixon, 2023; Neu et al., 2006). The evidence from this study also pointed towards the manner the reforms have been unfairly applied at the provincial government level to reaffirm the authoritative style of leadership practiced mostly by the national government. Evidence from this study, however, shows accounting has improved compliance and accountability at the provincial level despite the political agendas held by the elites in the national government. The study thus provides empirical evidence that contributes to the call for continuous probing into the role of accounting to unpack its diverse roles in different settings (Burchell et al., 1985; Hopwood, 1987; Walker, 2016).

1.5 Outline of theory

Foucault's concepts of governmentality (Foucault, 1991), discipline (Foucault, 1977) and elements of the self (Foucault, 1988) have been mobilised to provide an in-depth analysis of this accounting phenomenon in the Solomon Islands. Foucault formulated the concept of governmentality as a political project for the study of power (Clegg et al., 2002). Governmentality denotes the deployment of power/knowledge for political rationality. In his 1979-80 lectures, governmentality meant the *conduct of conduct* which implies governing the self to governing others (Lemke, 2011). Moreover, for Foucault, Rose and Miller (1992b) assert that governmentality was linked to the proliferation of a whole range of apparatus about government and a complex body of knowledge or know-how about government. Given the complexities (nature of programmes and techniques of governing) the concept extends to become a modern form of governance (Rose & Miller, 1992a). The political rationality of governmentality involves human beings where the welfare of people is a crucial government policy (Rose & Miller, 1992b). For this reason, the concept of governmentality has included considerations of welfare and social government. The social aspect is significant as it concerns social elements and techniques of governing people. As Rose (1998) pointed out, that the political rationality of governmentality involves human beings who must be understood in relation to their social being.

The extended version of governmentality (Rose & Miller, 1992a) described above informs how the NPM-inspired accounting technologies have been adopted and practiced in the Solomon Islands. Solomon Islands Government's programmes are diverse and comprise conflicting rationalities which influence how the reforms have been adopted in the Public Finance and Management Act 2013. Dominant elements of power centralism that are prevalent, especially at the national level that suggest a setting where informal systems co-exist with the state apparatus and have been influential in conceptualising the mode of governing for the Solomon Islands Government. Accordingly, the national government denotes a domain of discursive field of thoughts that affects the adoption and practice or implementation of the reforms at both levels of government. Foucault's disciplinary power framed the discussion of how cash IPSAS and participatory budgeting were adopted and practiced at the provincial government level. The incorporation of the PCDF to aid the implementation of the reforms denotes normalising sanctions, which is one of the disciplinary techniques aimed at correcting human behaviour. Foucault's concept of disciplinary power was heuristically relevant in explaining how accounting as a calculative technology has restored the problematic state of the provincial government institution in the Solomon Islands.

Foucault's critical lens is drawn upon for this study because of its potential as a framework for demonstrating the role of accounting in its wider social context (Burchell et al., 1985; Hopwood, 1983; Mennicken & Miller, 2012). As discussed above, the study was informed by the recent review conducted by van Helden et al. (2021) that identified the wider social or societal impact of NPM accounting-related tools as an existing shortfall in the literature. Similarly, the context of this study (Solomon Islands) comprises dominant power centralism regimes and notions of kastoms, all of which have their roots in the colonial era. This implies that the colonial experiences held by the Solomon Islanders bring together an ideology of power regime that can be well explained using Foucault's philosophical question concerning his concepts of power, "Who are we *today*?" (cited in McHoul & Grace, 1993, p. 8). This theoretical perspective has the potential that explains the dominant power regime that this study refers to as the informal systems (discussed in Chapter 2) that co-exist with the state laws and have been influential in conceptualising the mode of governing in the Solomon Islands.

1.6 Outline of methodology and methods

This research inquiry is informed by the call for sociologically oriented accounting research (Chua, 1986a; Mennicken & Miller, 2012). Mennicken and Miller (2012) highlighted that accounting does not focus only on administrative-related practices of recording and bookkeeping. Rather, it is also mobilised by a variety of political programmes for intervening in economic and social life. Based on this view, the study draws on the work of sociologists, for instance, Burrell and Morgan (1979), who view accounting as a socially constructed phenomenon. The study applies the interpretive methodology that integrates with critical theory to interpret and explain the data (Chua, 1986b; Power & Laughlin, 1992). This is consistent with the objectives held by the study to draw an in-depth understanding of the accounting phenomenon, whose existence was embedded in an informal system comprising a dominant power regime, that has its roots in the colonial history of the Solomon Islands.

Furthermore, the incorporation of the wider social context where accounting is practiced implies broader considerations that go beyond the interpretive lens (Hull, 1997). A critical analysis of the context requires the researcher not only to interpret but also to question and reconstruct the taken for granted assumptions inherent in the status quo. Foucault's theories of power used in the study are immensely helpful in providing the critical dimension to the interpretive methodology employed by this research. It enabled the study to interrogate the informal power structures that uphold the status quo, in the Solomon Islands' public sector setting.

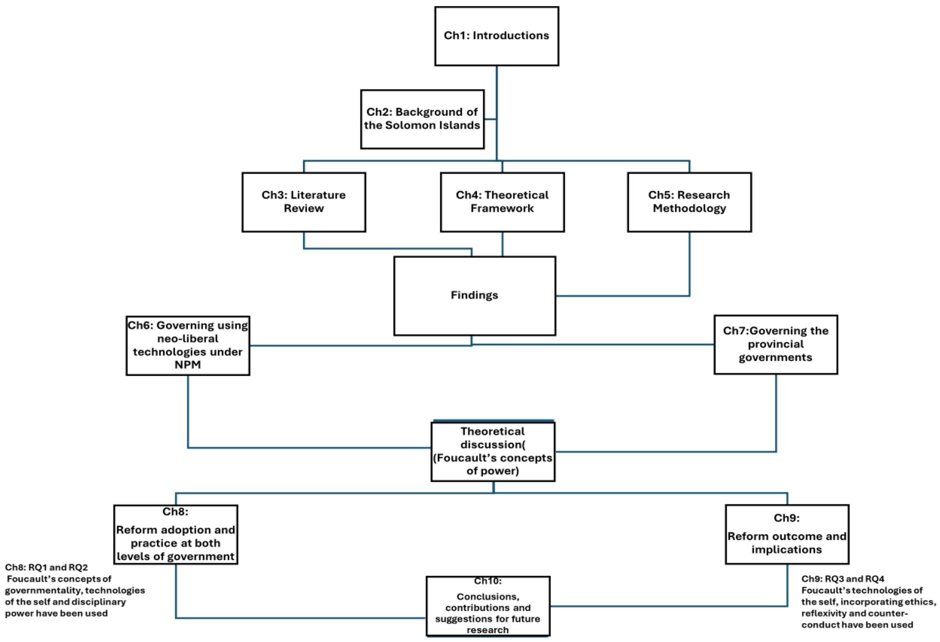
For Foucault, truth can be established through a genealogy (Foucault, 1970). Koopman (2013) asserts that this perspective of genealogy articulates problems that often exist below the surface of our lives and are deeply rooted in the historical conditions of the possibilities of the present way of life and doing things. In philosophy, the perspective of genealogy is concerned with depth problems or *problematisation*. Foucault's genealogy concerns elements of critique in the form of the *historical problematisation* of the present (Koopman, 2013). It is an inquiry that provokes us to transform ourselves into being otherwise. Foucault's philosophical question of "Who are we *today*?" (McHoul & Grace, 1993, p. 8) therefore, provides the truth in understanding how the accounting phenomenon studied is socially constructed in the Solomon Islands.

Given this choice of research methodology, qualitative data collection techniques were employed. The methods included semi-structured interviews, focus group discussions (FGDs), and documentary analysis (historical and current documents). Data analysis follows the thematic data analysis technique (Braun & Clarke, 2006). Foucault's emphasis on the historical problematisation of the present provides a guide in giving meaning to the themes identified in the data. The detailed analysis process is provided in Chapter 5.

1.7 Outline of thesis

The structure of this thesis is diagrammatised in Figure 1 below. It provides an overall glimpse of the ten chapters that made up this thesis, including the four main research questions (RQ1-RQ4).

Figure 1: Thesis structure



Source: (author)

As mentioned above, this thesis has ten chapters, including the introduction chapter. Chapter 2 provides the contextual background of the Solomon Islands. The chapter discusses the history of the Solomon Islands, capturing the key historical events that include the arrival of Christianity, colonisation, and the impacts of World War II. Understanding these historical events is important to show how these impacted the dynamics of the traditional clan-based system, leading to its contemporary form, commonly referred to as the bigman system. Chapter 3 reviews the extant literature on the NPM accounting reforms, especially in developing countries. The review highlighted current issues and gaps in the literature that this study responds to and addresses. Chapter 4 discusses the theoretical lens used in the interpretation of the study's findings. Foucault's theory of power in governmentality, disciplinary power, and technology of the self were used interchangeably to interpret the study's findings. The methodological approach and the research methods employed by the study are provided in Chapter 5.

Chapters 6, 7, 8, and 9 are the analysis and discussion chapters that address the four research questions. Chapter 6 describes the adoption and practice of the two NPM-inspired accounting reforms at the national government level. Like Chapter 6, Chapter 7 also describes the adoption and practice of the cash IPSAS and participatory budgeting at the provincial government level. Chapter 8 provides the theoretical discussion of the findings described in Chapters 6 and 7. The theoretical discussion in Chapter 8 is in two parts. The first (section 8.2) interprets and discusses the findings described in Chapter 6 which relates to the results at the national level. The second part (section 8.5) interprets and discusses the findings at the provincial level. Taken together, Chapter 8 addressed the first two research questions that sought to answer the *how* and *why* research questions.

Chapter 9 presents and discusses the outcome and implications of the reforms, addressing the third and fourth research questions (RQ3 and RQ4). This discussion is twofold; the first examines the implications for NPM and the second discusses the broader societal implications for the Solomon Islands. Finally, the thesis concludes in Chapter 10 where I critically reflect on the four research questions. Chapter 10 also provides how the study has contributed to the current literature as well as the implications for policy and practice. Chapter 10 also included the study's limitations and directions for future research.

1.8 Chapter summary

This introductory chapter provided an overview of the thesis. It outlined the background of the study, highlighting the research problem that provides the basis for the four research questions (RQ1 to RQ4). The study established four main research questions that sought to answer how and why research questions, including unpacking the reform outcomes and implications. These research questions were intended to respond to recent issues and calls in the literature. Foucault's concepts of power have been used to aid the study in addressing the research questions, and thus, to contribute to the body of knowledge on this subject. The study made significant contributions to literature, including the literature that uses Foucault's concepts of power in accounting. The findings are equally important also for policy and practice. The next chapter provides a contextual background of the Solomon Islands to help inform the study of the appropriateness of Foucault's critical lens for this study.

CHAPTER 2: CONTEXT OF THIS STUDY

2.1 Introduction

This study adopted the definition of context or contextualising to mean "the act of locating an accounting phenomenon in its relevant cultural, political and institutional setting" (Alawattage et al., 2017, p. 179). Contextualising is driven by the epistemological principle that accounting phenomena may have different meanings depending on the context in which accounting is located. The act of contextualising, therefore implies a micro-organisational inquiry into the phenomena studied (Alawattage et al., 2017). An in-depth investigation into the micro-organisational practices, relations, and structures is necessary to unveil why and how they exist and persist. This requires establishing connections between micro-histories and macro-histories to enable research to understand the emergence and reproduction outcomes of political systems and structures. Researchers utilising critical theories, need to trace the emergence of the political-economic imperatives of the phases of modernity. Establishing the links between these and everyday accounting practices and changes occurring in the socio-political and cultural spheres is vital to providing a broader perspective of the accounting phenomenon. In line with this view, the context-specifics of the Solomon Islands are discussed in six parts: (1) pre-contact traditional practices (2) key historical events (3) post-colonial cultural practices (informal systems) (4) contemporary political context (5) socio-economic environment, and the (6) government fiscal outlook.

2.2 Pre-contact practices

This subsection presents the traditional practices and cultures held by the Solomon Islanders in the pre-contact era.

2.2.1 Traditional clan-based system

Before the arrival of the Europeans, the political system that existed in almost all Solomon Islands societies was the clan-based system headed by a male leader (Gegeo, 1994a). A centralised political system did not exist as most societies had adopted numerous autonomous clan-based political systems. Such a political system existed basically to oversee the affairs of the clan such as maintaining social order and control over territorial boundaries. Additionally, the degree of complexity of each clan-based system also depended on the nature and hierarchy of the clan. Gegeo (1994a) pointed out that regardless of the differences that existed regarding the complexity and hierarchical structure of clans amongst the islands, autonomy was a common factor. Each clan as a distinct collection of blood-related individuals, was independent and had an autonomous political system, despite their size and inter-clan influences.

Relationship with religion is also an important feature of the traditional clan-based system (Gegeo, 1994a). In traditional Solomon Islands societies, religion and politics were conjoined and were considered mutually exclusive. As Gegeo (1994a) put forward, religion and politics were the most important discursive practices that held Solomon Islands societies together. Therefore, the same person who held power in religion is likely to be the political leader. Keesing (1978) found that Malaitan societies' political organisations were built on a triumvirate of powers in mediating with ancestral spirits such as (1) *ramo* (leader in blood feuding/bounty-hunting (2) *nwane inito* (entrepreneurial feast-giver) (3) *fata'abu* (pagan priest). Leadership in most cases rested with the pagan priest on the belief that his connections with the ancestors would benefit the clan. He is a highly respected individual who always consults with his clan on matters regarding the welfare of his clan. Given his nature as a peacemaker, maintaining social order within the clan is his ultimate goal.

Moreover, traditional political leadership was acquired in a variety of ways depending on the culture (Gegeo, 1994a). For the Polynesians in the Solomon Islands, political leadership was based on genealogical inheritance except for the Bellonese (Bellona Island) who like the Melanesians, believed that political leadership was more competitive and egalitarian. Although the selection of leaders was determined based on kin line, personal competence, and accomplishment criteria were often considered vital. Gegeo (1994a) also pointed out that the extent to which leaders exercise power is less authoritative as leadership is determined to be clearly in the hands of clan members. There is a considerable degree of representative input or feedback from the general public concerning important decisions. As Codrington (1972) noted that an individual leader could be removed from the office to which he had been selected if he was growing old, was inactive, lost his reputation, or behaved in a way that ran counter to the moral and ethical codes of his clan.

2.2.2 Traditional norms and relations

Throughout the Solomon Islands, the most fundamental social group is one's kin or family unit (Kabutaulaka, 1998). It is worth noting that family here means the extended family within a tribe or clan. Social norms and relations comprise identities and lineages that hold families (extended), clans, and the wider social grouping together. Common ancestors or lineages are a significant point of reference for cultural identity in smaller distinct groups such as a village setting (Nanau, 2011). As discussed above, in the clan-based system, families sharing the same ancestors tend to settle in their unit or block of land to distinguish themselves from others with a different ancestry. This is attributed to lineages which give the right to access to resources such as land and sea resources, which are communally owned in most cases by the tribe. Thus, although the whole clan may speak the same language, and share the same social norms, common ancestral connection prevails as the basis for cultural identification in the clan-based system.

Kinship systems signify a network of cooperation based on reciprocal support and shared lineage attachment (Gegeo, 1994b; Nanau, 2011). Reciprocity plays a key role in maintaining cordial relationships within cultural groups. For instance, in hosting traditional feastings such as weddings and death ceremonies, cooperation through giving and receiving unites individual families within tribes and villages. Gift-giving and receiving are the two sides of the reciprocal coin (Nanau, 2021). This is based on the notion of gift-giving where a gift in the Melanesian context is reimbursable (Gegeo, 1994a). The gift must be equated by the receiver in the same way, not immediately but at a later time determined by the giver. To dishonour a gift by failing to reciprocate brings shame and causes disunity among families and tribes. In most circumstances, the gifts are usually recorded so one is aware of one's future commitments. Such knowledge is passed on from one generation to another. Accordingly, the receiver feels obligated to cooperate and render support when the giver needs help. Hence, gift-giving in traditional feastings such as weddings, or death ceremonies denotes reciprocal ties which unite and strengthen cultural relationships between family and tribal members.

Superstitions such as black magic or references made to *taem bifoa* (era of ancestors) also played significant roles in the pre-contact days (Nanau, 2011). During the *taem bifoa,* every clan or lineage group is attached to a certain black magic. As noted by Wright (1940) Melanesian black magic is part of a social system where a leader who possesses power over such uses the power as a form of authority. As mentioned in the earlier subsection, leadership often rests with the Pagen priest on the belief it would be an advantage to the clan. Thus, in the pre-contact era, black magic is a form of protection and security in the sense it helps maintain stability in communities or amongst clan members sharing the same linage (Nanau, 2011).

2.3 Key historical events

This study has identified five key events that provides the historical context of the Solomon Islands. These include (1) the first European contact (2) the first missionaries (3) the British Protectorate administration (4) World War II and its impact, and (5) the Ma'asina Ruru Movement. Understanding these historical events is vital as they have significant implications for the traditional clan-based system and cultures or the *informal system* that provides the context that locates how accounting has been conceptualised and practiced in the contemporary Solomon Islands era.

2.3.1 First European contact: explorers, whalers, and traders

According to Bennett (1987), the first European contact with the Solomon Islands was in 1568 by a Spaniard explorer, Alvaro de Mendana. Mendana landed on Santa Isabel and travelled around the major islands, in search of gold. With the disappointment from lack of gold Mendana and his ships left after only six months. Mendana returned in 1595 on a mission to form a way station for Spanish ships between Manilla and South America (Bennett, 1987). However, the second mission did not last because Mendana and his Spanish shipmen were killed in San Cristobal by the locals. Regular visits by European whalers in search of mercantile items continued in parts of the Solomons in the first half of the nineteenth century (Bennett, 1987). Since the mid-1800s, there was increased trading in barter with locals using various iron goods such as knives and axes (Bennett, 1987). It represents the *Iron Age* era (1800 – 1860) as Solomon Islanders learned of new gardening tools and their impacts on the old ways of gardening.

2.3.2 First missionaries: introduction of civilisation including formal education

One of the key achievements of the early missionaries was the establishment of formal education in the Solomon Islands. Christianity first landed on the shores of the Solomon Islands in 1568 (Butu & Fugui, 1989). This occurred when two Catholic priests were on board with the Spaniard Alvaro de Mendana. Christian centres were established across the islands including the introduction of classrooms (schools) and clinics (Butu & Fugui, 1989). Wasuka (1989) noted it was the period when formal schooling (classroom) was introduced which was entirely in the hands of the missionary bodies. The missionaries had taken up the role of formal education development in the Solomon Islands and the key objective was to Christianise and civilise the locals (Bennett, 1987).

2.3.3 British Solomon Islands Protectorate (BSIP)

Colonisation in the Solomons came about as a result of rivalries between European powers for territory and labour in the Pacific (Bennett, 1987). The Solomon Islands had been identified as having great potential for coconut oil in the Pacific. By 1869, there was an increasing number of European traders sailing into the Pacific in search of coconut oil. The *blackbirding* of Solomon Islanders to sugar plantations in Queensland (Australia), Fiji, and Samoa provided another increasing reason for the British to declare a protectorate over the Solomon Islands. The Solomon Islands became a British Protectorate in 1877 but within the loose jurisdiction of the British High Commissioner in Fiji (Bennett, 1987). Without any intention of financing another new colony in the Pacific, the British declared a protectorate over the Solomons on the basis that the Solomon Islands would find ways to survive on its own (Bennett, 1987). A protectorate government was formally established in 1896 with Charles Morris Woodford as the first Resident Commissioner. Bennett (1987) pointed out that Woodford envisaged taxation and plantations as two possible means of raising revenue for his protectorate government. With the rising world price for tropical products such as copra and rubber, Woodford focused on initiatives to attract investors (Bennett, 1987). Thus, coconut plantations were established across the islands, mostly in the Western and Central Solomons.[2]

The colonial office's self-reliant arrangement to a larger extent affected the way the Protectorate was governed in the early protectorate years (1896-1910). As put forward by Bennett (1987), the Protectorate was governed more like a business entity, serving its interests in the Pacific as a plantation economy. Accordingly, there was no effort to provide basic services such as education and health. In 1896 Charles Woodford introduced political and administrative boundaries, amalgamating distinct communities into seemingly accepted convenient groupings called districts. The establishment of districts was a more effective means to institutionalise the *Head Tax* law for achieving the self-reliant objective of the colonial office. The first step towards this native law was establishing a system of local district headmen under the authority of European District Officers. This was followed by the appointment of village headmen (sub-district level) and village constables (village level) to assist with the duties of the district headman. The main role of these lines of local district officers was to

[2]Blackbirding refers to the kidnapping of Melanesians in the mid-1800s to work as plantation labourers in Queensland (Australia), Samoa and Fiji (Akin, 2013).

enforce the native tax regulation and collect fines from locals who did not abide by laws stipulated in the native regulation. [3]

Allen and Dinnen (2015) further pointed out that there was no clear mention in the regulation of whether the headmen must be leaders with indigenous or traditional legitimacy. Hierarchical tribal authority based on hereditary or traditional leaders was not considered in the native administration regulation. Hence, the appointment of headmen rested entirely with the colonial office. The establishment of headmen marked an important transition in the Solomon Islands' traditional governance or leadership system. Firstly, Solomon Islands men who were appointed as headmen held little traditional authority in their respective societies. Most of them were appointed because of their involvement with the Christian missions (Kabutaulaka, 2002). Similarly, most were middlemen between the colonial office and traditional elders (Akin, 2013). Consequently, the establishment of headmen undermined the authority of traditional leaders. Second, the establishment of headmen was the beginning of the contemporary bigman leadership which represented a transition away from the traditional clan-based system. Solomon Islands men, who were headmen, were groomed with an authoritative and bureaucratic style of leadership as a means of carrying out their administrative orders effectively. As expressed by Fox (1967, p. 74):

> ...the Government appointed Headmen in each village and sometimes one over the whole island, but these were for the purpose of carrying out the orders of the District Officer ...

The appointment of Headmen had indeed represented a significant transitional phase from the traditional *fata'abu (pagan priest)* or *mwane iniito (entrepreneurial feast-giver)* to its contemporary bigman form. With the new artificial boundaries called districts, the appointed headmen were introduced with exploitive and manipulating leadership behaviours for the sake of enforcing tax rules and carrying out orders from the colonial office (Nanau, 1995).

Given the need to expand the *one-man* administration (1896 – 1910) because of the growing plantation economy, the colonial office established an Advisory Council in the late 1920s. The Advisory Council was made up of Europeans, two official government members, two

[3] In 1921 Woodford passed the Native Tax law (Head Tax) as one of his self-reliant strategies. The Native Tax law was equivalent to one-euro dollar for all eligible native males between the ages of 16 and 60.

representatives from the private sector, and one representative from the Christian missions (Bennett, 1987). The Advisory Council plays the role of the central government for the BSIP. In other words, this development gave birth to the notion of a centralised system of government in the Solomon Islands. It denoted a shift away from the *one-person* form of government where decisions are made only by the District Commissioner. Bennett (1987) noted that no Solomon Islander was nominated for the Advisory Council. As such, most decisions made by the Council were in the interests of the colonial office.

2.3.4 Post-War implications

According to Sillitoe (2000), it took the two world wars to fracture the colonial mold of Melanesia. For the Solomon Islands, the outbreak of the Second World War in Europe on Guadalcanal between the period 1943 to 1945 had immediate consequences (Bennett, 1987). The war lasted only two years but left behind a new experience for the Solomon Islands. One of the most important after-war lessons Solomon Islanders were taught was the betrayal by the colonial masters (Bennett, 1987). The small-scale plantations they had started before the war were abandoned as the colonial office ventured into larger-scale developments as a post-war economic recovery initiative. Consequently, Solomon Islanders were left to fend for themselves while the colonial masters advanced with other bigger developments. Land is sacred, and seeing land being deserted is an act of betrayal.[4]

Apart from the economic impacts of the war on the Solomon Islands' emerging economy, the war also left a legacy of new perceptions towards the colonial rulers. According to Bennett (1987), the material wealth and the generosity of the Americans impressed the Solomon Islanders. Apart from engaging the locals on the battleground, Solomon Islands men were invited to share meals, cigarettes, and jokes with the Americans. The Americans gave all kinds of goods to the villagers and attended church services together with the locals. For the Solomon Islanders, seeing the Americans joining them in church services was the first tangible demonstration that black and white men could live together. All these experiences created a new mindset for the locals. For the first time, Solomon Islanders came to realise that the colonial rulers were simply men who were also vulnerable and were no longer omniscient

[4] Before the arrival of the allies (pre-war), the colonial administration encouraged locals to clear their land for small-scale village development. Malaitans in particular, took the lead in this initiative. Hence, coconut and cocoa plantations were planted including cattle, and were established almost in every part of the island. However, after the allies left, the colonial administration ventured into larger-scale palm oil and cattle developments on Guadalcanal leaving the locals confused on what to do with the plantations and cattle they had established. For the locals, especially Malaitans, it was an act of betrayal seeing their land which is sacred being given up for nothing.

(Bennett, 1987). Solomon Islanders longed for the Americans to stay on as they began to enjoy the new experiences they gained from the American allies. Eventually, when the British government re-established again after the Americans had withdrawn in 1945, there was an increasing pro-American and anti-British feeling amongst the locals.

2.3.5 The Ma'asina Ruru movement

The wartime experiences as Moore (2017) puts it became a catalyst for resentment that had been growing for decades since the 1920s. For the Solomon Islanders, the post-war experiences had reinstated the mindset for self-rule. Malaitans working with the American allies on Guadalcanal in the wake of the Second World War in the 1940s began to crystallise anti-colonial sentiment into a political doctrine known as the *Ma'asina Rule* (rule of brotherhood) (Keesing, 1994). According to Keesing (1978), the Ma'asina movement surfaced in 1946 with its centre established in Are'are in east Malaita. It was an ideology that focused on collective bargaining to end the oppressive pre-war style of colonial rule and economic exploitation through plantation labour. In principle, it aimed to establish socio-political and socio-economic independence by doing away with the racism, social inequality, and occasional brutality to which Malaitans were subjected under British colonialism (Gegeo, 1994b).

Keesing (1982a) highlighted that one of the key objectives of the Ma'asina Rule was to legitimate an Indigenous political system, including customary laws. This was to ensure that Indigenous customary laws were recognised through the establishment of customary courts. The aim was to re-instate chiefs and traditional elders as counterparts to the government headmen (Keesing, 1982a). The aim was to establish fair representation of the people in collective bargaining with the colonial office. The movement attracted a lot of attention in Malaita as locals responded by moving into communities established under the Ma'asina Rule (Gegeo, 1994b). Accordingly, the movement sprouted to other parts of Malaita and an increasing number of followers began to participate in key activities aimed at community reorganisation through holding genealogy meetings, recording land and other property ownership, and reviving traditional practices. Hence, despite suppression by the colonial administration (jailing of the chiefs and destroying of the Ma'asina Rule communities), Ma'asina had already spread from Malaita to Gela, Santa Isabel, Guadalcanal, and the islands in the Eastern Solomons (Allan, 1950).

Bennett (1987) noted that the advent of the war (Americans) had provided a much broader understanding of the outside world and alternatives Solomon Islanders had not previously been able to consider. As mentioned above, one of the most important after-war lessons Solomon Islanders were taught was the mindset of self-rule. The new relationship with the American allies on Guadalcanal helped Solomon Islanders to understand what they needed to regain their self-respect and identity in the face of the colonial powers (Akin, 2013). The establishment of the Ma'asina Rule was a significant outcome of these wartime experiences (Moore, 2017). Moore (2017) added that the Ma'asina Rule had spread to all parts of Malaita and the neighbouring islands (Makira and Guadalcanal) between 1944 and 1946. By 1952, it had already dominated the political scene in the central Solomons. Eventually, it achieved a few of its material objectives by the 1950s following mass advocacy for independence across all the other islands (Bennett, 1987). Resultant institutions soon emerged across the islands which flourished, leading to independence in 1978.

2.4 Post-colonial practices (informal systems and structures)

In this section, I outlined the cultural practices and ideologies that emerged as a result of the historical events outlined above. These practices and norms denote the *informal system* which is the connotation used in this study. Understanding this informal system is vital as it provides the basis for the arguments put forward by the study.

2.4.1 Kastoms

Culture can be defined as the body of shared understandings that govern how members of a group interact with each other and that are transmitted from generation to generation (Bates & Plog, 1990). It includes rules, norms, and customs that individuals adhere to within a group and society. In the Solomon Islands context, Gegeo (1994b) explained that culture is not an unchanging entity transmitted directly from the past. Rather, culture is a living, evolving, changing, and adaptive set of practices and values that guide human behaviour. *Ru mauri* in the Lau dialect of Malaita means a living thing that grows and goes through changes. As such, in the Solomons, the notion of culture is called *kastoms* (Gegeo, 1994b; Keesing, 1982b; Lindstrom & White, 1994).

Kastom is a Melanesian *pijin* word that is derived from its English equivalent to customs to mean the conceptualisation of Indigenous culture and traditions (Kabutaulaka, 1998). Gegeo (1994b) highlighted that it provides a sense of emancipation and empowerment for Solomon

Islanders, especially in responding to contemporary issues. Anthropologist Roger Keesing who wrote about kastoms in Melanesia put forward that *kastom* emerged with the establishment of the Ma'asina Rule in 1946 (Keesing, 1982a). In the Ma'asina Rule, one of the movement's key objectives was the restoration of Indigenous cultures by reviving traditional customs. The movement emphasised the need to reframe European laws established by the colonial administration by integrating them with Indigenous traditional practices (Akin, 2013). This idea came about as a result of contrasts between native and colonial ideas about the severity of offenses and how the colonial office applied punishment regulations. For example, Moore (2017) noted that in 1924 under the *Native Regulation 1921,* a new law to punish adultery was established (Adultery Regulation) which was equivalent to five Eurodollars or six months imprisonment. Adultery according to the traditional customs is punishable by death. With the establishment of the new law, there were increased adultery cases, especially in Christian villages established by the missionaries. Moore (2017) explained that renowned Christians were able to enjoy life more freely as men and women were allowed to mix around for the first time. As such, the adultery law was strongly opposed, especially by the traditional elders as it created immoral behaviour leading to social disorder within societies (see also Hogbin, 1934).

Having witnessed the negative implications of the Native Regulation including other similar regulations, the Ma'asina advocated for the codification of kastoms to be legitimated for peaceful living (Keesing, 1982a). In line with this perspective, kastoms meant reviving the old patterns of ways of living life, such as traditional laws or customs, feasting and exchange, traditional dress, music, and dances. It is often in the form of behavioural resentment towards foreign or Western ways of life that Melanesians deny the contradictions in lives lived far from cultures of the past. In his study of kastoms in Kwara'ae (an ethnic group in Malaita), Gegeo (1994b) further pointed out that kastoms is used as a reference to a mode of behaviour informed by a commonly shared body of knowledge that reaches back into the past. This includes genealogy, kinship, traditional religion, tribal warfare, land ownership, and traditional marriage (Gegeo, 1994b). It is the force that binds clan groups together as a cohesive group distinguished from another clan or ethnic group.

As mentioned, the notion of kastoms advocated the need to reframe colonial rules and integrate them with Indigenous traditional religions (Akin, 2013). As highlighted by Gegeo (1994b) kastoms do not only reflect the old ways. Rather, they represent an attempt to regain cultural integrity through reconciling the conflicts between Christian doctrine and ancestral religion.

Thus, although the Solomon Islands have turned away from paganism, the existence of traditional priests is still vital as they play a key role in mediating on behalf of the ancestors. Keesing (1978) noted in the contemporary Solomon Islands societies, the Anglicans and Catholics have achieved considerable success by integrating traditions with Christian principles. The aim was to validate cultural-religious changes in the contemporary social order as advocated by the Ma'asina Rule. [5]

Furthermore, Keesing (1982a) also emphasised the political significance of kastoms in contemporary Melanesian societies. As a political symbol, politicians appeal to kastoms, seeking to create national unity as a result of tribal fragmentation caused by colonialism. The aim was to build pride after a decade of colonial denigration of 'native' ways. Its political use is most common in the service of the solidarity and unity of a nation as a whole or an ethnic region (Tonkinson, 1982). For instance, the *Melanesian way* is one of the most common political uses of kastoms by contemporary Melanesians who share a largely homogeneous past as opposed to foreign or Western cultures. Gegeo (1994b) highlighted that it provides a sense of emancipation and empowerment where Indigenous people can choose how to respond to issues and needs and be free from outside domination. Hence, as a political symbol kastoms denote anticolonial struggle which has significant implications for Melanesian culture.

2.4.2 The Bigman politics

According to Chowning (1979), it was not until the 1960s and 1970s that the bigman label gradually emerged, and since then it has been the widely accepted anthropologically typical label as opposed to chiefs. Lindstrom (1981) similarly asserted the bigman is the shorthand for a preconceived, unspoken topologic distinction (as opposed to the chief) and a set of associated cultural characteristics. Achievement-based leadership, small short-lived polities, group members linked by kin and residence ties, competition for and uncertainty of authority, economic ability, individuality, and strength are some examples of the bigman characteristics.

Sahlins (1963) described bigmanship as an ubiquitous feature of the Melanesian leadership systems. Leadership is achieved rather than ascribed, especially in western Melanesia which

[5] In contemporary societies, for instance, in the Lau societies in Malaita, a traditional priest is not necessarily a pagan or a *fa'atabu*. He is a male identified (within a tribe or clan) solely to become the mediator for the ancestral spirits. Often known in contemporary Solomon societies as the *kastom man*, he is responsible for ensuring that the cultural taboos are kept, and social order is maintained in the tribe or clan. In situations where the taboos have been violated and need reconciliations (compensation), he is responsible for the ritual (compensation) which is a mediation between the ancestral spirits and Christianity (represented by a Catholic or an Anglican priest).

includes the Solomon Islands, Papua New Guinea, Vanuatu, and New Caledonia (Chowning, 1979). Personal power is one of the key attributes of bigman authority Combined with an ostensible interest in the general welfare, the bigman is a more profound measure of self-interest, cunning, and economic calculation. As noted by Sahlins (1963) he took advantage of opportunities to make competitive and individual comparisons to gain leverage above the masses. In Solomon's case, competition is vital given that in the colonial era Solomon Islanders did not ascribe the headman as the traditional leaders. Rather, Solomon Islanders attribute leadership based on the traditional clan-based system. Accordingly, with independence plans already underway, the western part of the Solomons openly declared their wish to be independent as a separate state (Bennett, 1987). It demonstrated resentment towards the early headmen's authoritative style of governing, where key decisions were made centrally without consulting the provincial elders.

The greatest prestige a man could gain was by demonstrating his ability to accumulate, display, and disperse large amounts of wealth (Chowning, 1979). Although the occasions for doing so varied amongst Melanesian societies, common occasions included weddings, mortuary rites, clubhouse construction, launching a new canoe, taking the head of an enemy, and so on. In the Solomon Islands' case, prestige is ingrained with clientelism and functions as an integral part of the bigman system. For the early post-colonial headmen, clientelism was a means for them to accumulate wealth to maintain power over their rivals who were the provincial elders. In the contemporary days, clientelism is a central feature of Solomon Islands politics (Wood, 2018). Solomon Islands politicians tend to focus more on delivering benefits to their supporters at the expense of the national government. In the section below I provide a discussion of the relationship between clientelism and wantok relations to demonstrate the current regime or as this study often refers to, the informal governance or informal system that provides the context of the arguments put forward by this study.

2.4.3 Wantokism

According to Nanau (2011), kinship identities and relations in the Solomon Islands can be explained through *wantokism*. Wantokism comes from the term wantok (Kabutaulaka, 1998). Wantok means 'one talk' (one language) and is used to refer to a social group that speaks the same language. Nanau (2011) posits that the term wantok originated from plantation labourers during contacts with European planters where people with different languages were grouped to live and work together. Given the language diversity among Melanesian people, it became relatively easy for the European planters to group the labourers according to their language groups. Hence, wantok became an important point of reference for the Melanesians during the plantation era in Queensland and Fiji. Eventually, the term wantok became a cultural symbol for Melanesian countries that identified themselves as belonging to the Melanesian ethnic group in the Pacific with a common lingua franca (tok pisin, Bislama, and pijin) (Lea, 1993). The lingua franca which emerged as a result of the European contact binds these Melanesian sub-regions through forming the wantok identity. It became a network or pattern of relationships that linked people in families and regional localities and could be used as a reference to provincial, national, and overall sub-regional identities (Nanau, 2011).

Nanau (2011) also emphasised that understanding wantoks as essential networks necessitates an understanding of how local villages or communities organise themselves and how local kastoms are employed in intra-group and inter-group relations. The intra-wantok relations refer to wantok identities and practices amongst tribal and clan groups. As Nanau (2011) pointed out at the local level (intra-wantok) the wantok system was able to sustain livelihoods by maintaining peace and stability. In fact, in both intra and inter-wantok relations, wantok groups ensured members were assisted economically and socially when the need arose. A crucial feature as highlighted by Nanau (2011) is that the wantok system ensured ruthless exploitations of one group (e.g., powerful group) were avoided at the local level. In other words, it avoided situations that might result in extreme disparity of wealth distribution. However, with the changing environment as a result of the emergence of the headman style of leadership, the wantok system has shifted away from its traditional form.

The establishment of political boundaries by the colonial administration created artificial identities that had significant impacts on kastoms and wantok identities (Kabutaulaka, 1998). With the establishment of new artificial boundaries called districts (now called constituencies), inter-wantok relationships, in most circumstances, do not relate to kinship lineages or kastoms. Rather, inter-wantok relationships are based on the spirit of the gift that is entrenched in the extended or inter-wantok relations as a result of Christianity and colonialism. According to Bugotu (1968) gift-giving is an accepted way of life that is practiced unconsciously by all. However, a verbal thanks or immediate reciprocation is not expected by the giver. The social relations that are associated with gift-giving are ingrained in deeds rather than words. As Bugotu (1968, p. 68) noted, " *I wouldn't expect a verbal thank you [or immediate reciprocation] because thankfulness is seen in deeds rather than in words*".

Similar to exchanges in intra-wantok relationships (within clans and tribes), a verbal thank you also does not entail or honour the reciprocal cooperation that is entrenched in gift-giving in inter-wantok relationships. More importantly, because the act of gift-giving occurs outside of the tribe or clan, it often comes with an objective that is not cultural. Arguably, in the contemporary bigman context, most exchanges that occur within inter wantok relationships are political in nature as they are often associated with gaining social recognition. An individual (male) who wanted to be recognised within an extended region outside of his tribe or clan would normally capitalise on his *live* gifts to elevate his status within inter-wantok groups. Gegeo (1994b) explained that the notion of keeping the gift *alive* (gifts to be reciprocated at a later time) as a means to reinforce inter-wantok reciprocal cooperation is crucial for attaining the bigman status. This is practiced mostly in Malaitan societies where an individual (male) gains social recognition for the bigman title through the creation of *live* gifts that extend beyond the intra-wantok relationships. By maintaining his inter-wantok ties, he gains greater reciprocal cooperation which is vital for the bigman status. Similarly, it is also a recognition of goodwill for him.

The historical events outlined in the above subsection have led to the transition of the wantok system to its contemporary form. Solomon Islanders started using the wantok system for different purposes apart from its key emphasis on maintaining cooperation and for maintaining respect between tribal and clan groups (Nanau, 2011). Nanau (2011) emphasised that the wantok system had changed from that of a reciprocal distributive buffer to that of exploitation and political expediency as it moved away from the village setting. For instance, with the introduction of headmen identities, powerful men capitalised on the spirit of gift-giving *you scratch my back, and I scratch yours* to gain political allegiance further beyond the village and sub-regional levels. This is because headmen are not traditional leaders, so they capitalised on the wantok system to compete with their rivals, the traditional leaders. Similarly, the reciprocal cooperation built on peace and respect was lost as objectives for gift-giving shifted their focus to modern politics. Nanau (2018) pointed out that the transition of wantok relations had led to exploitation and greed. This transition helps to explain the identity and allegiance predicament commonly found in the Solomon Islands' contemporary politics.

2.4.4 Use of the wantok system to facilitate political allegiance

The resentment and continuous calls for statehood by the provinces led to the establishment of the politician-allocated expenditure (PAE) as a form of political tool established to gauze political support from the rural population. The term PAE was used by Fraenkel (2011) to refer to funds allocated to Members of Parliaments (MPs) for cultivating allegiances in the form of handouts such as infrastructure projects (roads, schools, clinics, etc.) and financial support towards school fees, medical costs, and farming tools and outboard motors. It also extends to include personal gains such as buying private property. Furthermore, Fraenkel (2011) pointed out that PAEs are public expenditures at the discretion of the individual MPs. They are discretionary in the sense that the funds either come from the Solomon Islands Government or other donors or even other beneficiaries such as logging companies. The funds have been made available in the consolidated fund to be accessed by the MPs.

The introduction of PAEs was an initiative by the three-time Prime Minister, Solomon Mamaloni (1981-1984, 1989-1993, 1994-1997) (Fraenkel, 2011). Solomon Mamaloni introduced the Solomon Islands Communities and Provincial Assistance Funds in 1989 as a form of support towards projects initiated by the area councils (now called the Provincial Government). However, the fund was diverted from the area councils and had become a form of financial assistance for the 50 MPs to support their respective constituencies (Fraenkel, 2011). Under the PAE arrangement, a fund termed *Special Discretionary Fund* was established. According to Fraenkel (2011) the Special Discretionary Fund was introduced in the run-up to the 1993 elections by Solomon Mamaloni where each MP was allocated $100,000 Solomon Islands dollars (SI$). Premdas and Steeves (1994) noted the discretionary fund became a political tool for MPs to cement their support with their voters. Development assistance in the form of outboard motors, generators, boats, canoes, and iron roofing was distributed by sitting MPs to their supporters and church groups during election campaigns.

For the purpose of this study, I used the two most recent forms of PAE to demonstrate the arguments put forward by the study.

2.4.4.1 Rural Constituency Development Fund (RCDF)

The RCDF was also established in the name of service delivery to the rural people where fundings were channeled through the MPs for constituency-related projects. Fono (2007) posits that the introduction of the RCDF started with a budget allocation of SI$200,000 per MP until in 2003. The budget then increased in 2004 to SI$400,000 and in 2005 the budget further increased to SI$600,000. Furthermore, despite its controversial nature, the RCDF attracted support in the form of aid from the Republic of China (ROC) as a means of gaining political support from the Solomon Islands towards gaining recognition at the United Nations.

Recognising the need for the proper administration of the fund, ROC agreed to render support to the Solomon Islands by supporting the RCDF. A new ministry (Ministry of Rural Development) was established in 2007 by Manase Sogavare. The MRD was established to administer the RCDF through the fifty sitting MPs. Fifty Constituency Development Officers were recruited and became the focal point officers that carry out the implementation of the RCDF at the constituency level. The MRD eventually expanded by establishing three key divisions: rural development centres (RDC), constituency development officers' division (often called the CO Office), and corporate services. Furthermore, following the establishment of MRD, a Bill (CDF Bill 2013) was tabled as an attempt to legitimate the fund. However, the Bill although passed was not gazetted. Existing ambiguities given its controversial nature (contradicts the Constitution as the funds were at the disposal of the MPs) led to the lack of financial regulations to guide its implementation.

Prior to the establishment of the new CDF Act 2023, the development budget of MRD which comprised annual grant allocations per constituency was operated in two components: cash grants and in-kind grants. The first was an established lump sum of cash paid to each MP (through the constituency bank account where the MP is the signatory) as financial support for constituency members (e.g., assisting with medical expenses, educational support, church-related support, and so on). The in-kind component was implemented through the preferred supplier arrangement with identified suppliers. Upon approval from the MPs, constituency members were given purchase orders to collect supplies and materials from the established suppliers, mostly hardware businesses. The controversial nature of the RCDF where the MPs became the shadow Accountable Officers contradicted s2 and s12 of the Public Finance and Management Act 2013. Despite its controversial nature, in recent years the fund has received the greater portion of the annual development budget component as demonstrated in Figure 6-2 (see Chapter 6). It shows how the fund continues to be prioritised over other government programmes. An elaborated account of these is provided in the findings chapters.

2.4.4.2 Special funds

The establishment of Special Funds (SF) in the Public Finance and Management Act 2013 was linked to s100(2) of the Constitution. In s100(2), the Constitution authorises Parliament to make provisions for the establishment of SF which do not form part of the Consolidated Fund. The Constitution further stipulates in s100(3) that any fund established as SF does not require the balance of such funds to be paid into the Consolidated Fund at year-end. Rather, the remaining balances of SFs are retained to be used for the intended purpose of the fund. Accordingly, the Act established seven SFs: (1) Noro Fuel Depot Sinking Fund (2) Civil Aviation Fund (3) National Disaster Fund (4) Correctional Fund (5) Telecommunications Fund (6) National Transport Fund, and (7) Educational Rehabilitation Fund.

This study suggests there are gaps identified with the provisions for SF, in s24(2) of the Public Finance and Management Act 2013. Firstly, SFs were established under ministries, therefore the objective for the establishment of the funds should be linked to the responsible ministry's portfolio. This would mandate the subsidiary regulations to provide measures that ensured SFs were implemented and thus reported according to s77(3) of the Act. Secondly, the provision required the identification of accountable officers, and this is where the bigger problem lies. The Constitution left it open or ambiguously provided for in s100(2); hence the gap was used to establish various special funds under ministerial portfolios. Some of these turned out to be problematic given the political nature of the funds which in reality are similar to the RCDF. The Transport Fund established by the Ministry of Infrastructure and Development (MID) is an example of such funds. Accordingly, some SFs have been disguised under Ministerial portfolios but in reality, they operate almost the same as the controversial RCDF.

Most of the politically motivated SFs such as the Transport Fund lack financial regulations in their respective subsidiary regulations. Despite the need to establish subsidiary regulations to ensure the separation of power and responsibility are managed legitimately. However, in practice, the Permanent Secretaries (PSs) for the responsible ministries of the politically-motivated SFs are only *shadow* Accountable Officers. The authority over the funds rests with the MPs similar to the RCDF. What this suggested is that the SF regulations in the Public Finance and Management Act 2013 have been circumvented to create room for the facilitation of political allegiance under Ministerial portfolios. As discussed in the findings chapters, there were significant compliance issues relating to these funds. These findings, together with the RCDF are discussed in Chapters 6, 7, and 8 of this thesis.

2.4.4.3 Politician allocated expenditure (PAE) an attribute of the bigman

The establishment of PAE thus becomes a form of ceremonial exchange in the context of contemporary bigmen (or MPs). Ceremonial exchange in the bigmanship context is commonly institutionalised (Brown, 1990). Brown (1990) explained as a highly institutionalised context for competitive action, the ceremonial exchange provides a formal context in which the bigman can emerge with some regularity as a leader of groups of a centrifugal rather than centripetal kind. Ceremonial exchange also broadens the bigman's political horizons by providing extensive networks of exchange relations that cut across territorial, cultural, and sometimes even linguistic boundaries (Brown, 1990). The establishment of the PAE was intended to facilitate this purpose. As Sahlins (1963) posits that the bigman normally creates factions that must be kept satisfied lest his followers switch to one of his rivals as a means of gaining a position. Thus, the size of a leader's faction and the extent of his renown are crucial as these are normally set by competition with other ambitious men.

The bigman while attracting followers outside of his kin group, still needs to ensure that they will support him in anticipation of rewards, rather than remaining quiescent (Chowning, 1979). Loyalty and obligation are crucial for the mobilisation of external distribution channels. In this regard, the greater the renown the bigger the faction where bigman can continue to maintain power for a longer term. This enables the bigman to capitalise using his factions which he eventually prevails economically (Sahlins, 1963). In Solomon's case, wantokism provides the vehicle that facilitates this objective. The bigman uses his wantok ties that extend outside his traditional boundaries to acquire a bigger faction. Often the bigman capitalises on people living at the edge of society such as the marginalised in the rural areas. Accordingly, rhetorical terms such as *Peoples Budget* and *Rural and Livelihood Programs* have been commonly used to disguise funds that facilitate political allegiance under the controversial RCDF.

2.5 Contemporary political context

This sub-section provides the political context of this study. Like any other setting, the government system that was adopted in the Solomon Islands was influenced by key events such as Christianity and colonialism. As noted by Bennett (1987) the Solomon government system is the outcome of a political system brought by the colonial administration since its inception in 1893. Additionally, it was also shaped by other socio-cultural factors which were outlined in the sections above. Drawing on these discussions is vital as they help to provide a better understanding of the political context of the accounting phenomenon studied.

2.5.1 Formation of a central or national government

In response to calls for independence across the islands, the colonial office made changes to the system of government. In 1960 minor constitutional developments were undertaken which included replacing the Advisory Council that had been established in 1921 with a Legislative Council and an Executive Council (Bennett, 1987). In the Legislative Council, Alasia (1997) stated six of the twenty-one members were Solomon Islanders. Similarly, Solomon Islanders took up two out of the eight members' seats in the Executive Council. These developments gave birth to local participation in the central government. As noted by Alasia (1997) it was the first time for Solomon Islanders to participate in the affairs of the colonial administration which led to further constitutional reviews. In 1964, the Solomon Islands held its first-ever elections for the capital district, Honiara. Alasia (1997) noted that this first election was only restricted to the capital district, Honiara which resulted in eleven locals in the 1964-1967 Legislative Council.

The early constitutional developments (1960-1970) were difficult. Most elected members (locals) of the Legislative Council in both Houses (1964-1967 and 1967-1970) lacked the necessary knowledge and skills coupled with poor proficiency in the English language. Hence, most of the decisions and policies made in the early constitutional developments were made by the official members (nominated members representing the colonial administration). Nevertheless, the 1967-70 Legislative Council provided the foundation for the 1970-73 constitutional development. According to Paia (1975), one of the significant outcomes was the replacement of the Legislative Council with a committee-based system. The locally elected members claimed it was more appropriate and aligned with the local kastoms. The British responded favourably by drawing on experiments from similar small colonies and establishing a committee system of government (Bennett, 1987). The new parliament following the 1970 elections was called the *Governing Council.*

The new system was established on an experimental basis as it attempted to integrate kastoms into the Westminster model (Paia, 1975). Paia (1975) pointed out that it was more a Melanesian version of the Westminster model where the traditional patterns of authority and the traditional democratic practices had been synthesised into the Westminster system of the central government. It was similar to that of other British colonies, for instance, Ceylon’s 1931 and 1941 Constitutions, St Helena’s 1966 Constitution, and Seychelles’ 1967 Constitution. There were five key committees formed on a trial basis in the new Governing Council: Commerce and Industry Committee, Social Services Committee, Health and Medical Services Committee, Local Government Committee, and Education Committee (Alasia, 1997). Each Committee was responsible for its specific field of government within the new Governing Council. Furthermore, the majority of elected members in the Governing Council were new (9 out of the 17 elected members) (Paia, 1975). Coupled with the consistent lack of leadership as a result of party fluidity, the new system became cumbersome to implement.

After a year of trial, there were a lot of issues arising from the new committee system. For instance, party fluidity and lack of good charismatic leadership from the local elected members to take the lead in making the system work. Consequently, at the end of 1971, Mamaloni (one of the local elected members from Makira) led the elected members of the Council to reject the system and call for reinstating the Westminster system. The 1973 elections resulted in replacing the Governing Council and reinstating the Westminster model. Mamaloni, who made the motion for this change, was supported by the majority of the House. A new constitution was developed reinstating the initial system of Legislative Council but with a new addition that included Ministerial portfolios (Bennett, 1987).

The change of government system also received a lot of criticisms from the local public servants. Given that Mamaloni had already negotiated for an independence timeline with the British Minister who was responsible for the territories in the Pacific region, a timeline for independence had already been set (Bennett, 1987). According to the independence timeline, late 1975 had been the proposed date to finalise the constitution followed by a period of twelve to thirteen months for the official independence ceremony. The proposed timeline coupled with the experimental nature of constitutional development had not been well received, especially by the locally educated public servants. As Bennett (1987) expressed, most Solomon Islanders perceived it as a ‘rushed timeline’. Moreover, with the political allegiance as local politicians hopped from one party to another, it raised a lot of concerns from the public. Despite a lot of constitutional issues still hanging, in May 1977 a team of Solomon Islands politicians headed by Sir Peter Kenilorea flew to London for the independence ceremony. After the signing ceremony in London, the British agreed to remain to assist with some of the incomplete constitutional-related tasks.

Following independence, the unicameral parliamentary democracy was adopted, based on the Westminster system of government (Nohlen et al., 2001). As a unitary state, there were two levels of government, national and provincial (Moore, 2010). The 1978 Constitution provides for nine provinces, with their assemblies, executives, and premiers under the Provincial Government Act 1981 (Allen, 2011). However, Allen (2011) pointed out that regulatory control over the provincial executive and other legislative functions of the provincial governments was still retained by the central government. Moreover, elections were held every four years using a single-member distinct plurality voting system. Voters cast one ballot indicating a single preference for their electorate's member of parliament (Wood, 2014). With a total of 50 constituency members of parliament (MP), the prime minister is elected by secret ballot and is chosen amongst the sitting MPs in his cabinet.

The Cabinet is the highest decision-making body of the central government system. It comprises ministers appointed by the Prime Minister to head each of the government ministries. The Cabinet is also the key policy-making body of the ruling government. Its policies which normally become the four-year action plan are implemented by the Permanent Secretary (PS) and his subordinates. The Permanent Secretary (PS) , who is appointed for a four-year term becomes the key facilitator of the Cabinet's action plans. Similarly, the PS reports directly to the Minister. The PS is supported by two Under Secretaries (often one for smaller ministries) who are technical experts in the ministerial portfolio. The undersecretaries, including the rest of the positions within the ministerial portfolio, are all Public Servants, recruited by the Public Service Ministry. Currently, there is a total of twenty-two ministries headed by twenty-two Ministers (out of a total of fifty Members of Parliament).

2.5.2 Provincial government

For the purpose of the discussions in the findings chapters (Chapters 7, 8, and 9), I provide an overview of the history of the provincial government system in the Solomon Islands.

2.5.2.1 Local autonomy (decentralisation): 1950s

The history of decentralisation in the form of provincial or local government can be traced to the establishment of the informal area councils during Ashley's time as District Commissioner in the period 1930s and 1940s. According to Bennett (1987), the Ma'asina Rule was the key driving force behind this development. The increased popularity of the informal area councils across the islands provided a vehicle to further drive the Ma'asina Rule's agenda that demanded the formal recognition of the Malaita Council. This demand had been made known by the Ma'asina when the movement started in the 1920s (Bennett, 1987). However, it failed to eventuate as there was strong opposition from both the colonial office and the local Headmen. As noted by Bennett (1987) the headmen were Anti-Ma'asina Rule supporters as the establishment of area councils aimed to re-instate traditional elders which presented a threat to their social status within the districts. [6]

It was not until after the war (American evacuation from the Solomons in 1945) that the Ma'asina Rule took this development further (Bennett, 1987). Despite the imprisonment and severe punishment of Ma'asina Rule leaders and supporters, a first breakthrough was made after a labour boycott was staged in 1947 by the Ma'asina Rule followers in Malaita. Bennett (1987) noted the labour boycott movement initially started on Malaita and eventually spread to other islands which impacted on Britain's post-war economic recovery plans. Similar movements also sprouted from other islands demanding local autonomy (Bennett, 1987). By 1953, Ma'asina Rule eventually succeeded with the establishment of the first local council on Malaita.

The establishment of the Malaita Council in 1953 represented a significant milestone as the Solomon Islands for the first time witnessed the concept of decentralisation. By 1964, 23 other local councils had been established across the islands (Nanau, 1998). The 1953 Native Administration Regulation authorised the appointment of headmen and council constitutions (Healy, 1966). Although the powers remained centralised with the Advisory Council, it was a step toward local participation in governance. As expressed by Bennett (1987) the council members who were mostly local appointees learned to run the affairs of their respective councils by collecting fees from head tax, and interest on bank deposits including fines and fees from the native courts. They also learned about administration costs that the councils must pay such as financial support for village clinics and other health-related costs.

Apart from the achievement of local autonomy, the establishment of councils also had some cultural impacts. Nanau (1998) emphasised that the establishment of local councils beyond village or clan boundaries had created new wantok identities for Solomon Islanders as they learned to live in much larger extended groups. As mentioned in the above sections, clans not

[6] The demand for formalisation of area councils as advocated by the Ma'asina Rule was intended to re-instate traditional elders to form the governing body for the Malaita district. One of its key goals was to establish and restore kastoms through the establishment of local laws.

only helped bind Solomon Islands societies but is also a form of traditional political boundary. As these traditional boundaries were broken new wantok identities emerged which had significant impacts on the traditional clan-based system.

Furthermore, given that the 1953 Native Administration Regulation had not given full autonomy to the local councils, the headmen (called councillors in 1963) were only shadow leaders who were responsible for imposing orders for their colonial superiors. Accordingly, although some of the orders contradicted the traditional norms, the traditional elders had little say in this new decentralised system. This was because opposition to these orders normally resulted in fines or imprisonment, and locals tended to abide by the new rules to avoid paying fines and imprisonment. Thus, the early decentralisation for the Solomon Islands represents a system where local councils were established to become *de facto* agents of the central government (Nanau, 1995).[7]

2.5.2.2 Amalgamation of area councils: 1974-1977

Further developments towards the idea of decentralisation took place in the mid-1970s towards independence. Upon the establishment of the area councils in the 1960s, the colonial office drew up a plan they called *Plan of Operations 1974-1977* to review the current structure of area councils and hence implement a devolution exercise in preparation for independence (Premdas, 1982). One of the key tasks included the amalgamation of the various local councils into only viable ones. This was because the councils varied in size and it was difficult to finance all twenty-four councils (Premdas, 1982). Consequently, the twenty-four area councils initially established in the 1960s were reduced to only eight, including one for the capital, Honiara (Bennett, 1987). Following this development, the Ministry of Home Affairs was established to oversee and coordinate these newly established area councils (Nanau, 1998).

Although most of the recommendations in the *Plan of Operations 1974-1977* had been implemented by 1976, there were underlying issues with the Plan (Nanau, 1995). First, there was a clash between the Ministry of Home Affairs and its opponent, the Ministry of Public Service over the proposed devolution plan. The Ministry of Public Service as the mother ministry that is responsible for all human resources affairs of the government opposes the

[7] The Native Administration 1953 authorised the appointment of headmen and for the drafting of council constitutions which laid out the roles of the local councils (Nanau, 1995). According to the Act, council members would be appointed by the Headmen and approved by the District Officer.

devolution of key HR functions (Premdas, 1982). As Premdas (1982) noted, that devolution meant the loss of prestigious functions held by the central government ministries. Secondly, Premdas (1982) also noted resentment from the traditional elders who did not want to participate in the governance of the councils. The task of collecting the unpopular head tax would degrade their status and destroy their respect within their respective communities. As such, Nanau (1998) noted that the idea of using traditional leaders in the administration of local councils failed to eventuate. Arguably, the Plan only resulted in increasing tensions between the councils and the central government. As Premdas (1982, p. 248) puts it… *"the experiment in the devolution became embroiled in political competition at the highest level in the Solomons"*.

2.5.2.3 Provincial Government Act 1981: Three-tier structure of government system

In response to addressing the underlying issues in the Plan of Operations 1974-1977, a committee headed by one of the elected members in the central government, David Kausimae (called The Kausimae Committee) was formed in 1977. The purpose was to review the local autonomy structure and provide recommendations for the Constitution (Premdas, 1982). In particular, a structure that would promote the effective decentralisation of legislative, administrative, and financial powers. A structure where provincial governments would become semi-autonomous rather than functioning as de facto agents of the central government. This included installing devolution regulations that would provide opportunities for local leadership, participation, and responsibility. Furthermore, the report also discouraged the disunity of the new state as some provinces had already indicated their intentions to break away (e.g., Western).[8]

Consequently, the Kausimae Report recommended a quasi-federal system that provides for equal distribution of powers between the central and provinces. It recommended a system based on a three-tier government structure that recognised area committees (village-based comprising traditional leaders and chiefs) as representatives of the people. The objective was for the area committees to operate under the provincial assemblies, but they must also be given decision-

[8] Western Province being one of the provinces that contributed the largest government revenue was not satisfied with the financing arrangements in the devolution regulations. Additionally, the province also feared Malaitans dominating the independence taskforce given the Central Government was headed by a Malaitan, Peter Kenilorea, and key figures such as David Kausimae, both sprouts from the founding fathers of the Ma'asina Rule. This created fear that the newly independent state would adopt Ma'asina Rule ideologies such as reverting to paganism as a lot of Malaitans by then were still pagans (Bennett, 1987).

making powers. However, since the independence date was already set, the founding fathers proceeded with the proposed independence ceremony and assured the British that recommendations from the Kausimae Committee report would be one of their post-independence priorities (Premdas, 1982). Upon independence, the 1978 Constitution that was adopted did not include specific regulations for local autonomy.

The recommendations of the Kausimae Committee were eventually tabled in parliament in 1979, a year after independence (Premdas, 1982). Taking on Kausimae's recommendations, the Provincial Act 1981 was enacted in Parliament and formed the pillar of the provincial government system in the Solomon Islands. The act provides for a two-tier system of government consisting of the central government and the provincial government. Similarly, the act establishes authority through the provincial assemblies for the third level of government involving the area councils. Moreover, the Provincial Act also established a structure that consisted of an elected legislature and an executive responsible for the administrative matters relating to the provinces (Nanau, 1995). The elected legislature comprised an elected Premier and his provincial assembly members who formed the ruling provincial government. Consistent with the provisions of the 1978 Constitution, the provincial act also provided that provincial assemblies would remain independent from the executive body.

In terms of the roles and functions of the executive arm, the devolution of powers as suggested by the Kausimae Report was not fully achieved. While the provincial government has been given the power to make policies, these were restricted only to economic-related policies aimed at earning revenue. Policies relating to service delivery functions such as Health, Education, and Works (infrastructure development) including Finance, were largely still delegated by the national government (Nanau, 1995). Power over key service functions remained centralised as the 1981 Provincial Government Act had not yet given full autonomy to the provincial governments. Similarly, Nanau (1995) added that the national government was still responsible for the appointment of seconded staff from level 4 and above. In this regard, only those below level four, known as the provincial direct employees, could be recruited by the provincial governments and hence, form part of the provincial government payroll. Despite these existing gaps, the Act had installed a regulation that provided for a legitimate devolved government in the Solomon Islands (Nanau, 1995).

2.5.2.4 Provincial Government Act 1997: devolution of area councils

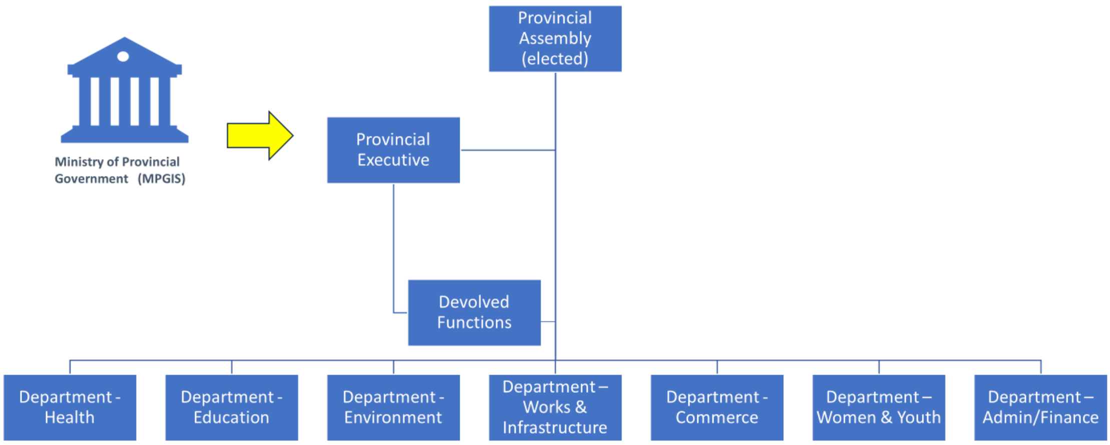
Apart from the partial devolution of powers described above, one of the ambiguities with the newly established *Provincial Government Act 1981* was the role and functions of the area councils (Nanau, 1995). As Nanau (1998) pointed out there was a lack of clear directives in the Act in terms of the responsibilities of the area councils. While the area councils played key mandatory roles in rural development activities within their respective localities, these roles were hardly noticeable. Most decisions were made centrally whereby they were only delegated by the provincial government seconded staff. The continuous battle for power between the three levels of government (national, provincial, and area councils) resulted in poor coordination of services at the provincial government level. A much bigger problem was budget constraints in maintaining area councils (Nanau, 1998). Elected council members were paid on a fixed-term basis although most of the time they were in the villages doing nothing. This was because most of the rural development projects had been decided by the national government and implemented by the seconded staff. Consequently, it prompted the demolition of the area councils as was legislated in the newly amended Provincial Government Act 1997.

2.5.2.5 Provincial Government Act 1997: operational functions and administration

In the same way, the Permanent Secretaries were accountable to their Ministers, the Provincial Secretary is also accountable to the Premier and the Executive (Cox & Morrison, 2004). The Premier once elected, appoints a Deputy Premier and Ministers with portfolio responsibilities, although most of the key decisions relating to the sectoral functions still rest with the national government. The transfer of functions or devolution of functions is set out in Part 3 of the PGA 1997. The PGA outlines the extent of the power to make laws and functions of the Executive. In these mentioned sections of the Act, the devolvement of power is minimal in that it limits provincial governments' functions to focus more on revenue generation. As Cox and Morrison (2004) noted, the Act's emphasis in terms of the PG's functions is more on income generation through the establishment of Provincial Development Authorities (business arms). The Act in a way limits PG's engagement in rural and economic development. Similarly, the Act also limits the PGs from direct delivery of sectoral services such as health and education. Accordingly, the Act provides that service delivery and rural development responsibilities at the provincial level are outside the mandated functions of the PGs.

Given that key decisions remain centralised with the national government, a Ministry (Ministry of Provincial Government and Institutional Strengthening - MPGIS) was established to provide oversight of the administration of the nine PGs. Key decisions over the devolved functions rest with each respective line ministry. For instance, the Ministry of Health in Honiara is responsible for health and medical-related services at the provincial level. This means the Ministry approves the provincial budgets for provincial health services, including the appointment of health workers for the provincial hospitals and any key development plans and policies (e.g. new clinics). The MPGIS, often referred to as the Mother Ministry for the nine PGs, is mainly responsible for the facilitation of provincial elections, coordination and oversight of the implementation of the devolved functions. Figure 2.1 shows the provincial government structure, outlining the key devolved functions consistent with the Provincial Government Act 1997.

Figure 2 .1: Provincial government structure



Source: (author)

2.6 Socio-economic environment

The Solomon Islands is a socially and geographically fragmented island nation with an archipelago of 922 islands located about 1,860 kilometres northeast of Australia (Kabutaulaka, 1998). With a population estimated at 667,044 only 19.8% of the population resides in urban centres including Honiara, while the rest still live in rural areas scattered across the islands (Siota et al., 2021). The location of the islands scattered over a wide area poses challenges, especially in terms of equal access to delivery of public services including economic development. The unequal distribution of services and economic development that is centred on Guadalcanal has its origin in the colonial era. During the British Solomon Islands Protectorate era, most economic development initiatives were centred on Guadalcanal. There is deprivation and inequality of government services and employment opportunities in the other islands (provinces). Consequently, the highest incidences of poverty associated with social issues can be found in Honiara, while the rural areas seem to enjoy peaceful lives with less social disorder. Despite poor infrastructure development in most rural areas, rural dwellers maintained subsistence affluence through regular food supply from home gardens, fishing, access to clean water sources, and modest earnings from small-scale cash crops such as copra, cocoa, cattle farming, and fishing.

2.6.1 Economic development in the Solomon Islands

In terms of economic development, agriculture, mining, fishing, manufacturing, tourism, construction and transport, and communication have been the main sectors contributing heavily to the country's GDP (Baragamu & Takana, 2015). Logging has been the government's main source of revenue (Foukona & Timmer, 2016; Haque, 2013). The logging industry (mostly small-scale operations) was introduced in the Solomon Islands in the 1920s by the colonial administration but was only restricted to government wasteland (Wairiu, 2007). As the demand for timber increased in the 1960s, the Solomon Islands Government under the leadership of Solomon Mamaloni saw it as a potential development initiative. According to Wairiu (2007), Mamaloni established new laws during his time as Prime Minister (1981-84, 1989-93) that made customary land that accounts for 90% of land in the Solomon Islands accessible for development through approval from customary landowners. This was because, during the colonial era, customary land in the Solomon Islands was only accessed for development by the government (Bennett, 2000). [9]

The introduction of the new laws by the Mamaloni government attracted foreign investors, mostly Asians. Wairiu (2007) stated that the new laws enabled landowners or tribes to grant timber rights to foreign investors in return for royalty payments and other infrastructure

[9] During the colonial era, logging was allowed only on government land, mostly 'wasteland' that made up around 10% of the Solomon Islands' total area. As these wastelands have been exhausted, Mamaloni passed new laws allowing logging to access customary land which made up around 90% of land in the Solomon Islands. Foreign logging companies could apply for concessions or timber rights from landowners. Landowners earn royalties and benefits from infrastructure such as roads, clinics, and schools by granting timber rights to foreign logging companies (Wairiu, 2007).

benefits such as roads, clinics, and schools. Hence, logging helps provide some of the key infrastructures that were lacking in the rural communities. Similarly, the economic impacts of logging are significant in the Solomon Islands. As revealed by Wairiu (2007), revenue from the forest industry (log export taxes, corporate taxes on royalty payments and profits, and logging business licenses) collected by the provincial government has been the major source of revenue for the national government. A report by the International Monetary Fund in 2013 in Haque (2013) shows that logs account for nearly 60%s of total export revenue.

Apart from logging, the agriculture sector has also been a major source of government revenue since the colonial period (Bennett, 1987). Large-scale agricultural products including copra, cocoa, rice, cattle, and palm oil were established during the colonial administration in the 1890s and 1900s, mostly on Guadalcanal and Central Islands (Wairiu, 2007). Agriculture remains the foundation of the Solomon Islands' livelihood given that 80% of Solomon Islanders reside in rural areas. Similarly, coconut plantations have been the main agricultural crop left behind by the colonial administration (Wairiu, 2007). As seen in Guadalcanal and central island provinces, the alienated land which was declared as wasteland by the colonial administration was occupied by large coconut plantations. While livestock and rice commodities have been retained for local consumption, coconut (copra), palm oil, and cocoa remained key agricultural exports for the Solomon Islands.

With the drop in logging exports, as trees started to decline in the late 1990s, there has been a growing interest in the mining sector (Haque, 2013). According to Wairiu (2007), gold had been mined on a small scale for several decades before entering into a much larger scale in 1998 by the Australian Gold Ridge Mining Ltd in Guadalcanal. By 1999 after one year of operation, the Gold Ridge mine produced earnings equivalent to 25% of total exports (Allen, 2011). The mine was closed following the ethnic crisis and was reopened in late 2022 by Chinese investor, Wnguo Mining International with an anticipated revenue of SBD$1.6 billion.

Apart from gold mines, in recent years there has also been a growing interest in nickel extraction (Baines, 2015; Foukona & Timmer, 2016). A more recent operation is Pacific Nickel Mines which is an ASX Direct Ship Ore (DSO). The company held two mining leases in Isabel since 2022 for its two projects, Jejevo and Kolosori (*Pacific Nickel Annual Report*, 2023). The company in its annual report for 2023 revealed that it had just completed its feasibility studies for the two projects which aid the company in seeking debt financing for its mining operations.

The report further highlighted its cash projections in NPV, which stand at A$91m for the three periods. A prior bauxite mine also took place in west Rennell by Chinese investor, APID/BMSI from 2016 to 2021. Although the company was granted an exemption on duties, it (Binatang) contributed SBD131m in foreign exchange in 2019 and SBD142 in 2020 (Solomon Star, 6 June 2021). The APID mining lease, however, was cancelled in 2021 due to losses equivalent to 33 shipments worth roughly SBD80 million including environmental damage.

As mentioned earlier, with the depletion of trees in the forestry sector the Solomon Islands government diverted its attention to the mining sector as a potential base for economic development (Baines, 2015). However, there were questions surrounding the potential of mining as an economic boost for the country. Haque (2013) argued that favourable economic outcomes are far from assured despite the potential of the industry. In addition, the transition into the mining sector presented a shift from one unsustainable, environmentally descriptive, and socially disruptive resource development base (Baines, 2015). There is still a lack of reformed laws to regulate and to ensure that the landowners and the country benefit from the extraction of minerals. This can pose problems similar to the logging experience (discussed below). Following calls for the current Mining Act to be reformed, a Bill is currently under review. However, it remained uncertain as the Solomon Islands has a history of political interference related to reforming acts of such nature. For instance, in late 1994 when Prime Minister Francis Billy Hilly attempted to introduce sustainable forest management measures, he was overthrown by a pro-logging government (Baines, 2015). Therefore, the current political climate remains challenging and has been a major obstacle towards the efforts for economic growth.

In the section below I provide an overview of how the forestry sector has been a ground for the politicians to pursue patronage which had significant implications not only economically but also in the social context.

2.6.2 Patronage in the forestry sector

The logging industry has been well documented as an avenue that facilitates poor governance and corruption in the post-colonial era (Allen, 2011; Haque, 2013; Wairiu, 2007). Corruption practices (e.g., bribery) in the logging industry sprouted from the Mamaloni government during his terms as prime minister in the periods 1981-1984, 1989-1993, and 1994-1997 (Bennett, 2000). Bennett (2000, p. 339) described the Mamaloni-led government in 1994-1997 as 'the loggers' government' where foreign logging companies used bribes and other inducements to influence government policies and to circumvent laws and regulations in the logging industry. In 1997 when Bartholomew Ulufa'alu, a reformist came into power one of his key objectives was to exacerbate the pressure on patronage politics in the logging industry (Bennett, 2000). In collaboration with the Asian Development Bank and other donor partners, Ulu'ufalu established a reform program to regulate the logging industry and hence, reduce the logging quota to a more sustainable level (Bennett, 2000). The reform, however, never went through as Mamaloni with the support of the loggers stirred up the ethnic tension in 1998-2003 which led to the removal of Ulu'ufalu's government.[10]

Tax exemptions granted to logging companies are a form of clientelism and patronage politics that emerged from the forestry sector. For example, in the 2005 audit report from the Office of Auditor General, log export exemptions were around SI$10 million in 2003 and SI$130 million in 2004 respectively (Allen, 2011). Allen (2011) also mentioned it was one of the peak periods in the logging industry where the volume of logs exported under exemption had increased to 163%. The political economy of logging in the Solomon Islands demonstrated how Solomon Islands politicians use state resources and apparatus for personal gain. Bennett (2002) put forward that the state's role as the facilitator of logging agreements between investors and resource owners had led politicians to circumvent laws and regulations for personal gains. Coupled with the abuse of the constitutional powers of the Minister of Finance to grant tax exemptions to foreign loggers. Consequently, the government in the early post-colonial era has introduced an ideology of using state apparatus for facilitating clientelism and patronage politics for Solomon Islands politicians. It results in increasing pervasive rent-seeking and political manipulation of economic policies by Solomon Islands politicians which weakens the state institutions to effectively collect revenues.

2.6.3 The 1998-2000 ethnic crisis

The 1998-2000 ethnic crisis between the Guadalcanal and Malaitan ethnic groups is difficult to discern its underlying roots (Bennett, 2002). There were several causes, and as Kabutaulaka (2001) pointed out that the crisis goes beyond *ethnicity* as was the font used in overseas media to describe the conflict. One has to delve deeper into the Solomon Islands' colonial history to

[10] Ulu'ufalu's proposed reform includes a new forestry Act and the establishment of a forestry board including a forestry trust. The proposed reform also included reducing the number of government ministries, downsizing the public service by 10% as a cost-saving measure. Note also Mamaloni passed away in 2000 during the height of the ethnic unrest.

trace the conflict's roots. Bennett (2002) who provided an elaborate account of the crisis by tracing its roots to the colonial era stated that the disparities concerning economic development between the provinces and the capital were one of the root causes of the crisis. Most of the country's developments took place in Guadalcanal where the capital is thus it attracted a large number of migrants to Honiara seeking employment opportunities. Malaita, one of the most populous provinces, provided most of the labour force, especially for the coconut and oil palm plantations established in Guadalcanal. Allen and Dinnen (2010) noted that Malaita has a history of labour migrants to colonial plantations in Queensland, Fiji, and German Samoa, including local plantations in the Western Solomons. Accordingly, the island was historically isolated and remained underdeveloped during the colonial era.

The crisis which resulted in a coup in 1998 started initially as a campaign by a Guadalcanal Militant group requesting the national government to resettle migrants, claims for rent for the use of Honiara as the national capital, and demand for statehood (Kabutaulaka, 2001). A coup eventually was staged demanding migrant settlers to be evicted from settlements on Guadalcanal, most of whom were Malaitans. The coup went violent resulting in deaths and burning of properties and settlements belonging mostly to the Malaitan ethnic group. Around 35,000 migrant settlers have been evicted from their homes in the rural and pre-urban areas east and west of Honiara (Allen & Dinnen, 2010). In retaliation and to protect the properties of the Malaitans in Honiara, a Malaitan militant group was formed that called themselves the Malaitan Eagle Force. This was also because the Ulufa'alu-led Solomon Islands Alliance for Change government was slow to respond to the violent acts of the Guadalcanal militants. The Malaita Eagle Force took over the Solomon Islands Police armory on 5 June 2000 and forced Prime Minister Ulufa'alu, who was also a Malaitan, to resign (Kabutaulaka, 2005). The national parliament was summoned under duress on 30 June 2000 and Manase Sogavare was elected as the new Prime Minister.

The battle between the two ethnic groups continued for almost two years from 1998 to 2000. The capital, Honiara, was left entirely in the hands of the Malaitan militants who had joined the local police force (most of whom are also Malaitans) to protect the capital. With support from prominent Malaitan leaders and businessmen who owned several properties in Honiara, the Malaitan militant group managed to protect Honiara from further looting and destruction (Allen, 2009). The local economy had collapsed as a result of the closure of both private and public sector operations. Foreigners have been repatriated and residents living in Honiara have left for their home islands. Negotiations for peace talks were facilitated mainly by local civil society associations such as the Solomon Islands Christian Association, Women for Peace, and a Melanesian Brotherhood from the Anglican Church called the Tasiu (Kabutaulaka, 2005). Negotiations under the auspices of the Australian and New Zealand governments eventually led to the signing of the Townsville Peace Agreement on 15 October 2000 which put an end to the violence between the two ethnic groups.

2.6.4 Post-conflict economic revitalisation programme

Following the Townsville Peace Agreement, an International Peace Monitoring Team was deployed in 2001 to impound weapons surrendered under the disarmament program (Kabutaulaka, 2005). As part of the post-conflict program, Australia provided an intervention estimated at around AUD$200-250 million per annum (Allen & Dinnen, 2010). The intervention which was called the Regional Assistance Mission to the Solomon Islands (RAMSI) was negotiated with the Pacific Islands foreign ministers and was further mobilised under the auspices of the Pacific Islands Forum (PIF). Apart from the initiatives geared towards restoring law and order, RAMSI also focused on institutional strengthening and good governance programmes. Neoliberal economic reforms were part of RAMSI's restructuring program to revive the collapsed economy. The ethnic unrest had increased government borrowing for post-conflict emergency rehabilitation projects. Consequently, the conflict led the government to default on all its external loan obligations in 2001 for the second time after a prior default in the years leading to 1997 (Longe'au et al., 2016). The second default resulted in an accumulated debt of SBD$ 1.1 billion by the end of 2001. With support from RAMSI, there was freezing of debt payments to external creditors for at least two years, including debt forgiveness (Longe'au et al., 2016).

The RAMSI intervention assisted the Solomon Islands Government to undertake debt structuring reforms subjected to the whole gamut of donor-driven reforms since 2003 (Haque, 2013). This included capacity supplementation from RAMSI advisors mainly within the Ministry of Finance and Treasury. The structural reforms included several initiatives such as an overhaul of the tariff structure to achieve consistency with requirements under international trade agreements, a new Companies Act, and a new Foreign Investment Act. Amidst RAMSI's reforms was the new Public Finance and Management Act 2013 incorporating neoliberal accounting reforms under the doctrines of new public management. This study thus examined the social implications of the reforms.

2.6.4 Government fiscal outlook

With RAMSI's intervention in 2003, one of the post-conflict objectives was to improve the public financial management systems with an emphasis on fiduciary control to ease the continuous cash flow problems. With budget discipline initiatives, Haque (2013) notes that revenue growth had started to improve. For instance, revenues increased from 15.4% of GDP in 2003 to 34.5% in 2012. This was very high growth compared with the growth recorded in pre-conflict years. Similarly, a report by the International Monetary Fund (IMF) in 2013 revealed deficits had been narrowed with concerted revenue collection efforts at Customs, combined with improvements to the financial systems (IMF, 2013). The 2013 IMF report however expressed concerns about the high reliance on donor support to finance major recurrent expenditures.

RAMSI's departure in 2017 shows significant improvements, one of which is the achievement of a surplus budget in 2018. The Central Bank of the Solomon Islands (CBSI) report in 2018 shows improved financial performance resulting in a surplus of $191 million compared with the past two years (CBSI, 2018). This demonstrated the government's continued efforts in revenue collection supported by fiscal discipline. Restrained expenditure was equivalent to only one percent increase, which is a rare performance for the Solomon Islands Government. However, in 2019, the fiscal outlook changed from surplus to deficit. A report from CBSI in 2019 further revealed a deficit of $202 million equivalent to an 11% fall in total revenue (CBSI, 2019). This deficit was driven by falls in log export duties, reduced donor grants, and lower tax collection. The situation worsened in 2020 as reflected by the minus 5% economic growth with the arrival of the COVID-19 pandemic. The government had been operating on deficits in 2020 and 2021 respectively.

Overall, fiscal conditions remained challenging as spending pressures continued steadily (CBSI, 2024). With the hosting of the Pacific Games in 2023, there was an increase in growth of 4% from 2.4% in 2022, particularly from the construction, transportation, and accommodation sectors (CBSI, 2023). A return to normalcy was indicated after the pandemic and the November riots in 2021 including shocks in international trade. Despite the positive outlook, continued efforts in reform geared towards economic growth aimed at rebuilding fiscal buffers remain crucial for the government.

2.7 Chapter summary

This chapter has provided the context of this study. The study used a definition by Alawattage et al. (2017) that defined context as an inquiry that delves deeper into the micro and macro-historical analysis of an accounting system. Adopting this definition, the chapter identified key historical events, one of which is colonisation and how it influenced both the cultural and socio-political systems and structures in the Solomon Islands. Keesing (1994) wrote that the discourse of colonial domination in the Solomon Islands has been implicit. As demonstrated throughout this chapter, colonisation has impacted traditional customs, norms, leadership, and ways of living, and doing things. In particular, the categorical structures and symbols of counter-colonial struggle provided the Solomon Islands with new perceptions and mindsets that brought together an informal system of governance that provides the context for this study. Understanding this informal system is relevant as it provides the basis for the four research questions, the selection of theory, and the arguments put forward by the study.

The Chapter also provided a brief overview of the 1998-2000 ethnic unrest as it triggered the need for the country to adopt the reforms. The ethnic unrest which has its roots in the colonial era, has left behind severe scars on the economy of the Solomon Islands. One of the significant aftermaths of the unrest was the need to reform the old Public Finance and Audit Act 1978. Consequently, it led to the enactment of the Public Finance and Management Act in 2013. Despite the lack of readiness with NPM's accrual accounting principles and performance-based systems, Solomon Islands willingly accepted the need for change as proposed by donor partners (RAMSI). It can be viewed as one of the positive outcomes of the ethnic unrest. Taken together, the Chapter provides an overall glimpse of the context of the Solomon Islands which provides the basis for discussions in the next chapters.

CHAPTER 3: LITERATURE REVIEW

3.1 Introduction

This chapter reviews the relevant literature relating to two accounting tools inspired by New Public Management (cash IPSAS and performance-based budgeting) and a participatory initiative (participatory budgeting). These reforms were part of the economic revitalisation programme initiated by donor partners (e.g., the Australian Government and the United Nations Development Programme) following the 1998-2000 ethnic crises. As discussed in Chapter 2, following RAMSI's interventions in 2003 one of their post-conflict objectives was to improve the public financial management systems with an emphasis on fiduciary control to ease the continuous cash flow problems. [11]

The first section provides a background of new public management (NPM) and highlights the significance of accounting and financial management tools in the NPM framework. The second section reviews the adoption of these NPM-inspired reforms within a developing country's (DC) context. The challenges faced by DCs in adopting these NPM accounting reforms have been highlighted signifying the call to pay attention to the context of the reforms. The third section is a review of participatory and local-based solutions and the outcomes for different contextual settings. The final section provides a commentary on the existing gaps, and how this study contributes to the identified gaps.

3.2 Background of new public management (NPM)

The new public management (NPM) was based on a set of doctrines that came into ascendancy in the late 1970s and the 1980s (Hood, 1989). According to Hood (1991), scholars (e.g., Merkle & Riley, 1980; Politt, 1990) claimed that NPM had its origin based on the new institutional economics and business managerialism. Aucoin (1990) maintained that the need to re-establish the importance of representative government over bureaucracy, emerging from the school of thought known as the public choice theory, is the first set of ideas that influenced the design of NPM. Aucoin (1990) noted that the second set of ideas sprouted from the managerialism school of thought with a focus more on managerial principles than on traditional bureaucracy. Nevertheless, despite an overlap of ideas amongst these different scholars in trying to locate the doctrines that formed the basis of NPM, the

[11] RAMSI stands for Regional Assistance Mission to the Solomon Islands headed by the Australian Government (see Chapter 3 for details).

common features of NPM as provided by Hood (1995) a focus on private sector management techniques, more emphasis on discipline, and efficient use of resources, measurement of performance and a greater emphasis on output controls (cited in Lapsley, 2009).

Governments worldwide, across different political spectrums over the past three decades, have been implementing NPM reforms (Guthrie et al., 2005). According to Lapsley (2009), the influence of the global economy on the actions of governments in the latter part of the twentieth century and the early twenty-first century has led many governments to adopt NPM. As also posited by Fulin (2001), globalisation pressures public sectors to be responsive to the increasing demands that have placed tremendous pressure on governments to change their government administrative systems (cited in Ouda, 2016). Accordingly, NPM arose in the public sector as an alternative paradigm to the traditional bureaucratic public administration. According to Hood (1995), traditional public administration is relatively poor in achieving government efficiency and responding to budget cuts, fiscal stress, and other economic indicators such as high debts and inflation. For this reason, NPM becomes an influential set of management techniques deployed by governments seeking to modernise their public sectors (Lapsley, 2009).

3.3 New Public Financial Management (NPFM) Framework

Given that NPM had greater emphasis on management than administration, it led to a new focus from the traditional stewardship role of accounting to management (Hood, 1991, 1995). This shift required a range of management and accounting techniques (e.g., accrual-based accounting and financial reporting systems) mostly transferred from the private sector to be integrated into the NPM framework (e.g., Guthrie, Olson, et al., 1999; Guthrie et al., 1998; Hood, 1995). Consequently, NPM initiatives substantially impact public-sector accounting (Ouda, 2016). The NPM framework results in changing the accounting concept of accountability from a procedural compliance basis to a greater focus on efficiency and results. Accounting in this regard plays a crucial role in facilitating this new shift through 'accountingisation,' a term coined by Laughlin and Power (1992), implying more emphasis on public accountability through a parallel emphasis on performance-based systems (cited in Aucoin, 1990; Hood, 1995).

3.3.1 Significance of financial management

New management performance-based systems integrated into the NPM framework also require appropriate accrual financial measurement and reporting systems to focus on outcome-based systems (Alkaraan, 2018). In pursuit of this, a list of "*accounting-based financial management techniques"* (Guthrie, Olson, et al., 1999, p. 211) has been incorporated into the NPM doctrine. This is in response to the challenges arising from the global economic crisis that exerted pressure on governments to make fundamental changes to accommodate foreign competition (Fulin, 2001). Coupled with challenges arising from the fiscal deficit and debt reduction, which led to constraints in government revenue, it demands financial management reforms (Ellul & Hodges, 2019). For these reasons, there is a significant emphasis placed on financial management in public sector management reforms (Guthrie et al., 2005). As emphasised by Guthrie et al. (1998, p. 19) the significant influence of accounting-based financial management techniques "*has regarded financial management as the technical lifeblood of NPM organisational structures"*.

3.3.2 Notions of accountability

Accountability has been commonly understood as the giving and demanding of reasons for conduct (Bovens, 2007). It is viewed as practices of daily conduct or practices of account giving. The principal-agent responsibility which denotes the political form of accountability is a significant element of accountability. Moreover, Bovens (2007) also highlighted that the obligation that lies upon the actor can be formal or informal. For instance, in a formal institution, the obligation to render an account is based on a set of regulations or policies. Informal obligations on the other hand are those that are voluntary, self-imposed, and grounded in social practices (Roberts, 1991; Senarath Yapa & Ukwatte, 2015).

An important aspect of NPM technologies is the claim that they enhance public sector organisations in the discharge of accountability to the government and the broader service recipients (Olson et al., 2001). Accountability is associated with responsibility, and Olson et al. (2001) argue for a clear distinction between the two, especially in the context of the public sector. Olson et al. (2001) pointed out that responsibility is associated with plans carried out in the present. Instrumental and moral knowledge is therefore vital in ensuring public sector actors can be held responsible for their actions and can act accordingly (responsibly). Accountability, on the other hand, differs considerably from responsibility as it is attributed to the presentation of an account (i.e., an oral or written text) that relates to the future or the past (Olson et al., 2001). Accountability in this regard refers to actions in either the future or the past, unlike responsibility which is more related to the present. Furthermore, creating a text about present action in the present is not possible (Olson et al., 2001). This is because the action being described must be performed by someone else. On this basis, legal provisions made in formal accounting contexts regard past actions as *ex-post* accounts (e.g., an annual report) as opposed to present actions that denote *ex-ante* accounts (e.g., a budget) (Olson et al., 2001).

Apart from the emphasis on responsibility, the effect of NPM also shifts the basic elements of accountability systems for public sector organisations and organisation units (Olson et al., 2001). Olson et al. (2001) posited that traditionally, public sector organisations at all levels have been viewed as discretionary expense centres. The introduction of NPM has transformed public sector accounting from cash to accrual-based. Both local and central government including service departments have been introduced with the idea of profit centres (Guthrie et al., 1998). This is operationalised through the establishment of closer relations between revenue, expenses, and operational outputs. As highlighted by Guthrie et al. (1998) its new focus is more on public service responsibilities and requirements for performance to be measured and "*compared against targeted volumes, costs of units produced, and service or product quality*" (p.459). All of these led to shifting the focus of accountability to performance-based in pursuit of greater efficiency in the management of public sector resources and activities (Guthrie et al., 1998; Hood, 1991).

3.3.3 Five categories of NPFM

Guthrie, Olson, et al. (1999) have classified five groups of the NPFM reforms. The first, as posited by the authors, refers to changes to financial reporting systems from the cash-basis system to the accrual-based financial system. This promotes the adoption of private-sector accrual-basis financial reporting across governments with a reliance on a professional accounting set of accounting standards. The second, according to Guthrie, Olson, et al. (1999) refers to business and market-oriented management systems for pricing of public service products and services geared towards private sector competitive strategies. The third emphasises performance measurement systems incorporating performance indicators while the fourth concerns the devolvement of budget, (Guthrie, Olson, et al., 1999). The final category according to the authors is concerned with a shift from the traditionally based audit that is procedurally based to performance-based. Performance audit is a development that entails a shift away from public administration to managerial efficiency for public sector organisations (Guthrie & Parker, 1999). It includes a comprehensive range of auditing activities that are often labelled as value-for-money, operational efficiency, and effectiveness (see also Glynn, 1985).

Research on public sector accounting demonstrating challenges associated with the adoption of these five techniques such as accrual accounting and performance budgeting has become popular over the last two decades in developed nations. For example, a study by Newberry and Pallot (2006) on the adoption of accrual accounting in New Zealand found that the passing of the Public Finance State Sector Management (PFSSM) Bill in 2004 resulted in controversies relating to the technical complexity of the reform and the lack of proper alignment of the reform with the corresponding legislation in the constitution. In a Norwegian hospital, the introduction of a new payment system (prospective payment system – PPS) as a management technique that is associated with the NPFM in the period 1987-1999 found there was a mismatch between the political view relating to the reform and what is considered institutional (Pettersen, 2001). The study revealed that while there was rapid progress concerning how the political leaders responded to the reform, the hospital management actors continued to focus on the importance of life and death. As such, it slowed the progress of reform implementation within the hospital.

Adhikari and Garseth-Nesbakk (2016) investigated the implementation of accrual accounting by OECD member states by examining the voices of the implementers of accrual accounting (e.g., accountants, budget preparers, policymakers) and other officers who were indirectly involved in implementing the various aspects of accrual accounting and budgeting in the OECD member states. According to their findings, the OECD member states accepted accrual accounting merely because of coercive and normative pressures exerted by the EU. Finally, from a local government perspective, Anessi-Pessina et al. (2010) who examined the implementation of accrual accounting in a local government in Italy found that the full benefits of the accrual system for internal decision-making purposes had not been realised at the local government level. Consequently, local government actors had not felt the need to start taking up efforts towards accrual accounting reform. Nevertheless, in the last 30 years, many OECD and EU countries have adopted public sector accounting reforms under the NPFM (e.g., Australia, New Zealand, USA, Canada, UK, Netherlands, France, Denmark) (Alkaraan, 2018). In these developed countries, Alkaraan mentioned although not all NPFM have been successful, most have contributed to a gradual advancement in public financial management.

Furthermore, according to Guthrie et al. (2005), the adoption of NPFM also has had significant implications for the different government settings where the reforms were implemented. In their book that examines NPFM implementation from an international perspective (Australia, Canada, New Zealand, Spain, Italy, Sweden, Ireland, Netherlands, Eastern European nations, and the UK), the authors emphasised the diversity of public sector settings and their implications for reform development. As Guthrie et al. (2005) posited, that it was difficult to draw an overall conclusion on the significance of NPFM in influencing change across different countries. Their book, nevertheless, provides valuable experiences where other countries could learn from and hence, pursue further their commitment to these reforms.

3.4 New public management-inspired accounting reforms

This section discusses the literature on the two inspired accounting reforms: IPSAS (accrual and cash) and performance-based budgeting.

3.4.1 IPSAS

As discussed above, the transition to business accounting is a crucial element of NPM. Business accounting practices such as accrual accounting were envisaged as indispensable to enhancing transparency and accountability in public sector organisations (Guthrie et al., 1998; Mack & Ryan, 2006; Rutherford, 2000; Smith & Coy, 2000). The unbundling of the public sector, Pina and Torres (2003) pointed out is facilitated by accrual accounting in the monitoring of performance in areas such as total costs of government programs and activities. Similarly, accrual accounting also has the potential to enhance transparency and maintain the accountability of decentralised entities. As such, international bodies (e.g., World Bank) advocated it as a potential solution for promoting good governance and eradicating corruption, especially for emerging and developing economies (Chan, 2003; Lassou et al., 2014). Equally important as pointed out by Adhikari and Garseth-Nesbakk (2016) is the need for developing countries and emerging economies to demonstrate their commitment to long-term sustainability for managing the consequences of fiscal and sovereign debt crises.

Given this, coupled with the diversity in reformed governmental financial information systems in the public sector, there is a need for harmonisation of financial reporting (Christiaens et al., 2015; Kartiko et al., 2018; Rossi et al., 2016). In 1998, the International Federation of Accountants (IFAC) submitted the *Guideline for Government Financial Reporting* to assist governments at all levels with the adoption of accrual accounting (Pina & Torres, 2003). Pina and Torres (2003) further elaborated this guideline together with the International Accounting Standards (IAS) provide the basis for the International Public Sector Accounting Standards (IPSAS) which was developed by the Public Sector Committee (PSC) of IFAC. Accordingly, IPSAS became the benchmark for assessing and evaluating public sector accounting reforms (Amor & Ayadi, 2019).

IPSAS (accrual-based) was designed based on the IAS/IFRS, with some differences (Polzer et al., 2021). Intending to modernise public sector accounting practices, IPSAS includes the particularities of the public sector such as the disclosure of information about the general government revenues from exchange transactions such as taxes and transfers. Moreover, accrual accounting becomes more effective with the establishment of IPSAS reinforcing intended benefits such as improved public sector governance and accountability (Christiaens et al., 2015). Accordingly, IPSAS's primary focus is to improve the quality of the general purpose financial reports (GPFRs) of public sector entities for decision-making and efficient allocation of resources (Javed & Zhuquan, 2018).[12]

Although the IPSASB's primary focus is to promote the accrual-based IPSAS, Adhikari et al. (2015) stated that emerging economies and developing countries have been encouraged by international organisations to adopt the cash basis as a preparatory step towards accrual-based IPSAS in the longer run. For instance, in South Asia, the World Bank has been engaging with professional accounting bodies in the deployment of the cash IPSAS in the region (Adhikari & Mellemvik, 2010). Furthermore, for developing countries accrual accounting and IPSAS are associated with governments seeking external legitimacy which is a prerequisite for international funds (Adhikari & Mellemvik, 2011). In their study of Nepal, the primary motivation for the Nepalese government to adopt accrual accounting was the country's attempt to secure finance from international donors. Such is also evident in a lot of developing countries where the reforms serve as a symbolic resource for seeking external legitimacy, for instance, in the case of Russia and Indonesia (Ouda et al., 2017).

Consistent with the objectives of this study, the primary focus of this review is on the adoption of accrual accounting and IPSAS from a developing country's perspective. Below, I provide an overview of the experiences held by developing countries in the adoption of these NPM-based financial reporting reforms.

3.4.1.1 Experiences held by developing countries

The influence on reform development by international lending institutions (e.g., the World Bank and International Monetary Fund) has been widely researched. In prior studies (Adhikari et al., 2019; Alsharari, 2019; Rajib et al., 2019) the institutional isomorphism framework (DiMaggio & Powell, 1983; Meyer & Rowan, 1977) has been used to illustrate how the pressures exerted by the international lending donors have become the key drivers for the adoption of NPM inspired

[12] Differences in additional commentaries, different terminologies and definitions.

accounting reforms such as accrual accounting or IPSAS. International donors used these accounting reforms as a political resource in promoting institutional change (Hiebl, 2018). Accordingly, the reforms became a prerequisite for access to loans from international lending bodies (IMF and World Bank).

In Bangladesh, the adoption of the cash basis IPSAS was marred due to a lack of coordination and collaboration between the international professional bodies, who were the front-line actors with the local professional bodies (Rajib et al., 2019). As was found, the local government actors had been mimicking the practice of regional professional accounting institutions as a means of gaining legitimacy without fully understanding the technicalities of the cash basis IPSAS (see also Adhikari & Jayasinghe, 2017; Hopper & Lassou, 2016). Accordingly, although professional accountants and their firms have been key promoters of IPSAS in emerging and developing countries (Hopper et al., 2017; Senarath & Ukwatte, 2015), normative pressures exerted by these international professional bodies (Meyer & Rowan, 1977) contributed to the decoupling issues associated with the reforms.

Prior research also examined the adequacy of the annual report as a means of governments' discharge of accountability (Keerasuntonpong et al., 2015; Mack & Ryan, 2007). According to Mack and Ryan (2007), the annual report is a significant accountability mechanism used for reporting on the performance and governance of public organisations (see also Rutherford, 2000). It is therefore a vital public sector reform that addresses the objectives of public accountability for modern democratic systems. However, Keerasuntonpong et al. (2019) also found the discharge of accountability through annual reporting had become ineffective for settings with a lack of relevant sanction laws (see also Ijeoma & Oghoghomeh, 2014). In their study of Thailand, Keerasuntonpong et al. (2019) emphasised that enforcement laws must be strong to persuade government officials to refrain from inappropriate and misconduct practices.

Apart from weak enforcement laws, the non-mandatory form of adoption is also a hindrance to reform development in some developing countries. Wang and Miraj (2018) who reviewed IPSAS adoption in five South Asian countries (Sri Lanka, Bangladesh, Nepal, Pakistan, and India) reported that in Sri Lanka, one of the challenges highlighted by Senarath and Ukwatte (2015) was related to the non-mandatory nature of the cash IPSAS adoption. Given that IPSAS adoption is not compulsory for public sector organisations in Sri Lanka, the execution process is not the same for all public entities. Coupled with the lack of relevant capable personnel and informational technology to facilitate the auditing work based on the new accrual system, it makes it more difficult for the Office of the Auditor-General to oversee the overall implementation of the IPSAS reform.

The rhetorical role of accrual accounting in enhancing good governance has also been debated (Ferry et al., 2018). In their study of the Malaysian public sector, accrual accounting's rhetorical appeals to credibility and emotion as a means of improving accountability and good governance were examined. They found that accrual accounting still needs the overall support of a strong institutional setting, as on its own it is not a solution for good governance. Their findings reiterated that accrual accounting is not an anti-corruption panacea, although it has the potential to enhance good governance. This also demonstrated that accrual accounting can be framed as a socio-economical technology to enhance its efforts for accountability (see also Bracci, Steccolini, et al., 2015; Broadbent & Laughlin, 2002). This review identified that this is a potential area for further research. Future research could explore how accounting can play significant roles in facilitating change by other socio-economical means that are appropriate for the context of developing countries.

Other factors include relevant accounting infrastructure such as supporting legislation, accounting setting bodies, and governance institutions (Iyoha & Oyerinde, 2010). Iyoha and Oyerinde (2010) argued that accountability is difficult to achieve when relevant accounting infrastructure to support the implementation of the reforms are lacking. Their study demonstrated that robust accounting infrastructure is needed to serve as a mirror through which images of accountability through the implementation of accounting reforms can be made transparent (see also Okaro, 2004). The role of accounting in facilitating change under NPM becomes more problematic in public sector settings with contextual backgrounds comprising strong kinship cultures, ethnicity, nepotism, over bureaucracies, and patronage politics (Bakre et al., 2017). In Tanzania, Ekeh's concept of 'two publics' (Ekeh, 1975) facilitates an understanding of how the concepts of post-colonial morality clashed with accountability principles based on NPM ideologies (Assad et al., 2016). Bakre et al. (2017) also revealed how the practice of accrual-based IPSAS had been manipulated by the elites in the Nigerian government. Politicians and top government officials preferred historical cost over the fair value costing for the sale of government properties which arguably suited the patrimonial political objective held by the Nigerian government.

The prevailing neo-patrimonial governance has had negative implications for the actual practice of accrual accounting. Consequently, there is a deliberate lack of adherence to the rules of accounting reform. Indeed, the patronage political culture has been firmly rooted in the government systems of many developing countries (Bakre et al., 2017; Bakre et al., 2022). Politicians thus see initiatives towards reforms such as accrual accounting promoting accountability and transparency as threats to their patrimonial political agendas (Hopper, 2017; Hopper et al., 2017). The appropriateness of these reforms becomes questionable in such settings (see also Lodhia & Burritt, 2004). In a patronage society, formal rules may define authority and responsibilities that provide legitimacy for organizational policies. However, within them, patronage, clientelism, corruption, nepotism, and ethnicity abound (Lemarchand & Legg, 1972).

In a recent review of IPSAS adoption in emerging economies and low-income countries, Polzer et al. (2021) claim that almost seventy percent of IPSAS reforms have failed to reach the confirmation stage or have been manipulated. Their study reiterated the call to study the particular challenges that these economies are facing. In the extant prior literature, there has been relatively little in-depth analysis of how IPSAS or its cash equivalent can be framed to relate to the localities of developing countries and emerging economies (Kuruppu et al., 2021; van Helden et al., 2021). Prior literature tends to focus more on the failure of these reforms in terms of greater transparency, enhanced democracy, improved efficiency, and service delivery. Moreover, little attention was given to developing an understanding of the wider societal impacts of these accounting tools such as poverty reduction, strengthening of collective well-being, sustainable society, and enhancing democratic values (Steccolini, 2019; van Helden et al., 2021). This study responds to these calls by exploring the adoption of the cash IPSAS within a socio-cultural government context. For this reason, the study draws on Foucault's critical lens to provide a broader perspective of these reforms. By situating accounting in a government institutional setting that is socially and culturally oriented, the study unveils the wider societal impacts of these accounting reforms.

3.4.2 Performance-based budgeting (PBB)

Several researchers have attempted to define performance-based budgeting (PBB) in their studies (Aghaz et al., 2020). According to OECD (2003), PBB can be defined as a budget that depicts past performance, or future expected performance concerning the money provided. It is a plan that uses quantifiable data to provide meaningful information about program outcomes, measurement of results, outcomes, and impacts (Melkers & Willoughby, 1998). With an emphasis on value for money, it assigns expenditure in relation to programs and activities instead of just inputs (Alsharari & Abougamos, 2017). According to Aghaz et al. (2020), an early development of PBB started in the early 1950s, a period where performance measures in the public sector were deployed to focus on efficiency. As noted by Ellul and Hodges (2019), it denotes a shift from an emphasis on inputs to a focus on performance, outcomes, or results. Promoting public accountability and efficiency by government organisations has been the key push toward PBB. In addition, this is also due to traditional budgeting being limited in relating the quantity and quality of services delivered to the costs incurred (Hood, 1995; Van der Hoek, 2005). Consequently, PBB encompasses a shift from input-oriented budgeting toward output or result-oriented budgeting (Greiling, 2005). PBB has become one of the important neoliberal reforms associated with NPM. Ellul and Hodges (2019) highlighted it introduced modern management and budgeting concepts aimed at making governments to be more efficient and effective and promoting accountability.

Moreover, the vast adoption of PBB is associated with challenges in government revenue and increasing demands from citizens for services as a result of many countries facing high public debt (Anessi-Pessina et al., 2016; Ellul & Hodges, 2019). This has influenced studies that examine the adoption of PBB in many different settings to assert whether PBB has produced its intended results. For developing countries, Goddard and Mkasiwa (2016b) pointed out that budgetary reforms have been advocated by international bodies such as the World Bank, UN, and IMF under the authority of NPM. As highlighted by the OECD (2003), it is a financial management tool that is vital for poverty reduction by advocating on notions of performing state requires performing budgets. Accountability in this regard plays a significant role in PBB. PBB is premised on the belief that public officials can be held accountable if performance goals and objectives in terms of policy outputs and outcomes have not been established (Arellano-Gault & Gil-Garcia, 2004). The ultimate goal, as Behn (2001) states that in any government reform aimed at improving government operations, holding bureaucracies accountable is essential.

Whilst a growing trend among countries in the past three decades has been to attempt to implement PBB as a means of enhancing efficiency, performance, and accountability (Lapsley, 2009), the problematic nature of relations between performance and accountability was prevalent in prior literature (Arellano-Gault & Gil-Garcia, 2004; Christensen & Lægreid, 2015). For instance, in their study of Latin America (Mexico, Colombia, and Venezuela), Arellano-Gault and Gil-Garcia (2004) demonstrated the technical challenges concerning solving the dilemma between performance and accountability, while acknowledging the complex interrelations that existed around government systems. In particular, the dynamic nature of government systems and structure due to political agendas and societal relationships makes it difficult to establish clear performance-based indicators to align with NPM-inspired accountability. In practical terms, the establishment of correct performance measurement indicators for politically defined social problems is almost impossible to achieve in a setting such as Latin America (Arellano-Gault & Gil-Garcia, 2004).

Christensen and Lægreid (2015) suggested that for NPM, PBB is a crucial ingredient in strengthening managerial accountability through clear assignment of responsibility for action and statement of goals and outputs. However, in the public service managerial accountability works best in the least political, or politically salient settings (Christensen & Lægreid, 2015). For developing countries, PBB are unsuccessful because of poor linkage between budgeting and performance (Goddard & Mkasiwa, 2016a; Oduro, 2003; Ronsholt & Andrews, 2005). Goddard and Mkasiwa (2016a) revealed a struggling-for-conformance situation in terms of PBB in Tanzania. One of the issues highlighted was that inputs were not linked to organisational targets but were rather linked with individuals' objectives. Political influence which was also found in Latin American countries (Arellano-Gault & Gil-Garcia, 2004) was also prevalent in developed countries.

Even in developed countries, Pollit and Bouckaert (2011) also found that the link between performance indicators and performance allocations is difficult to establish. In their study of Dutch municipalities, Budding et al. (2022) found that although it is mandatory for municipalities to incorporate non-financial performance indicators in their budgets, this legal requirement has not been satisfactorily met. For the most of the Dutch municipalies, output indicators have been used instead of outcome indicators. Recognising the local conditions is significant in ensuring performance indicators are aligned with local government policies (Goddard & Mkasiwa, 2016a).

Prior literature also includes implementation of the PBB at the local government level and the relationship with accountability. Harun et al. (2020) examined whether the adoption of an integrated reporting and budgeting system (RBS) had enhanced accountability and transparency at both the central and local government levels. The RBS as noted by Tasan-Kok et al. (2019) was an effort to increase government accountability through democratic governance through the use of more accurate income and balance sheet reports. While the institutionalisation of PBB at the central government was a response to coercive pressures imposed by international donors as the price for foreign aid, at the local government level pressures by the central government for local governments to improve their level of legal compliance have been the key motivation for the adoption of RBS (Harun et al., 2020). Thus, although the adoption of PBB strengthened accountability in local government settings, Harun et al. (2020) found that the reform had undermined the powers of the local government through the use of the RBS template.

While the extant literature on PBB has identified various factors influencing the implementation of the reform, the adoption of the PBB within a socio-cultural context remains an area under-researched. This study contributes to this discussion of PBB using an alternative view provided by Foucault's concepts of power/knowledge. The study provides an in-depth analysis of power structures and regimes which this review has identified as influential in impeding this reform.

3.5 Participatory and local-led accounting systems

Having witnessed a lot of failures in the implementation of international best practices inspired by NPM (e.g., accrual accounting or IPSAS) international bodies have focused on promoting the 'capable state' and 'good governance' (Lassou et al., 2018). As pointed out by Cleaver (1999), international best practices promoted by Western developers like the World Bank provides local actors with limited agency and expect them to operate apolitically. The World Bank in particular has advocated building the capability of locals through increasing citizen participation in governance. Participatory development through the use of local knowledge in government accounting reforms has been the discursive agenda of international institutions (Ackerman, 2004). Through a participative approach, locals are seen as agents capable of analysing and designing their own reform solutions (Cornwall & Jewkes, 1995). Accordingly, there have been increasing calls for more Indigenous involvement in the development of accounting reforms that incorporate local decisions for greater accountability and transparency.

A review of public sector management accounting research between 2000 and 2010 by van Helden and Uddin (2016) found that there was an increasing emphasis on substituting NPM-led reforms with participatory accounting systems such as participatory budgeting and social accountability (cited in Adhikari et al., 2021). Using notions of the *capable state*, the World Bank advocated that participatory systems had the potential to enhance accountability through governing aspects such as 'voice' and 'decentralisation' (Kulshreshtha, 2008; Nunberg, 2007, p. 74). Accordingly, participatory budgeting has been commonly advocated for developing countries as a means to increasing accountability, and improve government responsiveness in the delivery of public services (Speer, 2012). Crucially important is its potential in increasing participatory governance at the local government level involving citizens in the decision-making of public funds. This potential stems from its ability to dissolve patterns of particularistic or centralised policymaking which is commonly found in developing countries. Speer (2012) noted international monetary organisations such as

World Bank had been involved in the dissemination of this form of reform to enhance democratic governance aimed at minimising corruption in developing countries (Fung, 2015).

However, the potential of participatory budgeting (PB) in fostering a participatory form of democracy and accountability as claimed by the World Bank has also been debated (Bryer et al., 2011; Célérier & Botey, 2015; Speer, 2012). Célérier and Botey (2015) for instance, found that for developing countries with weak legislation and non-democratic government administrations, the PB had the potential for democratising such settings. Their study of Brazil facilitated an understanding on how the PB had enhanced grassroots democracy by providing a space for marginalised groups of society to participate in budgetary decision-making. In contrast, Kuruppu et al. (2016) found the emancipatory potential of PB had been undermined in settings with dominant powers. Their study investigating PB practices in one Sri Lankan Council (CUC) found PB's emancipatory potential had been undermined as politicians pursued self-aggrandisement and political dominance through budgeting. As such the PB consequently helps to normalise the domination by an influential group in budget participation, thereby weakening PB's emancipatory role.

PB has been found to produce mixed results, indicating the diverse contexts of developing countries. The latter is a scenario where wider participation has not been achieved as politicians use the budget to influence citizen participation. Similarly put, the budget is used as a tool for political domination thereby weakening PB's emancipatory role. Hogye (2002) posited that in the public sector, a budget is a political tool that politicians use to bargain for resources with self-interest motives that undermine organisation efficiency. The Sri Lankan case demonstrated the failure of the PB to achieve its ultimate goal in enhancing grassroots democracy and advancing political emancipation despite its partial success in promoting cultural capital (Kuruppu et al., 2016). Accordingly, reflecting on the democratic governance values of PB (Fung, 2015), these examples presented theorisations of PB on the issue of power denoting political powers surrounding PB and the relative implications of its role.

Furthermore, Eggleton et al. (2015) examined the potential for local engagement and participation in budgeting through the implementation of accrual accounting at the local government. Using a case study of an Indonesian municipality, the study revealed the intended 'voice' objectives of the reform had not been achieved as central government leaders had circumvented specific aspects of the accounting reform legislation. The findings revealed the municipality actors' (local government) participation was limited only to the reporting aspects while key decisions remained centralised.

Powerful central interests have remained and hopes for decentralisation and empowerment as perceived by the World Bank remain difficult to achieve in this case.

Using a case study of a municipality in Russia, Aleksandrov and Timoshenko (2018) also found how PB had become problematic in facilitating democratic governance. Moving away from the political dimensions of PB, Aleksandrov and Timoshenko (2018) explored the interactive and rhetorical work of human (allies/inscriptors) and non-human (inscriptions) actors involved in the implementation of a locally designed PB in Russia. Their study revealed how PB went through several phases of translations which led to the creation of negative forms of inscriptions that impacted the role of PB in enhancing democratic governance values. The existence of bureaucratic inscriptions that were associated with accountability mechanisms of NPM in this regard constrains citizen participation. This implies that the symbolic nature of PB was also found by Im et al. (2014) and domination from NPM technocrats (Michels, 2011; Michels & De Graaf, 2010).

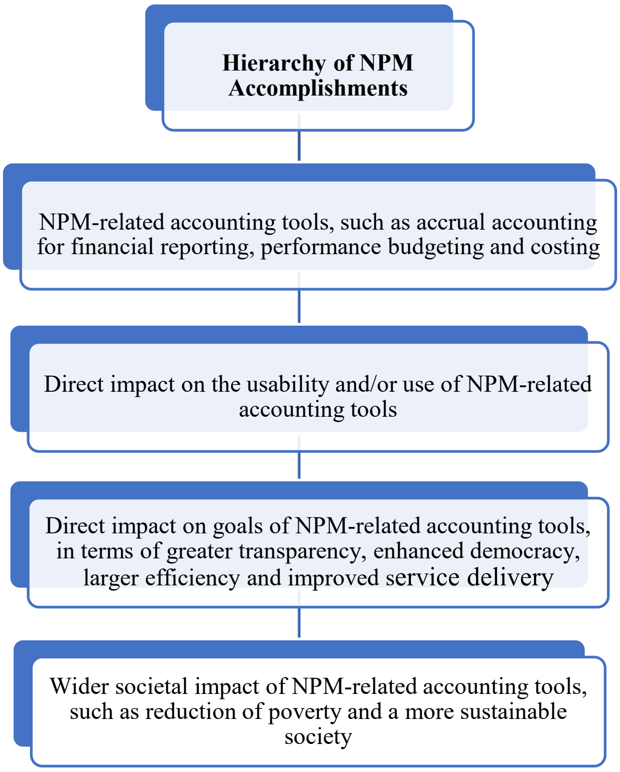
The above review demonstrates the diverse outcomes of PB for different public sector settings. Despite claims by the World Bank advocating the emancipatory role of the PB, the context where the reform is implemented needs to be carefully assessed. PB has become peripherally connected to the centre of power in most settings that have implemented it (Baiocchi & Ganuza, 2014). In relation to Brazil's local governments, PB has been countered by power centrally located in the mayor's office, which undermines the potential of PB in fostering a system of checks and balances (Zawadzka-Pąk, 2021). This implies that the empowerment potential of PB appears complicated to implement. Consequently, research on PB needs to be interpreted in the context where the PB is implemented. In particular, this study's review of PB pointed towards the need to acknowledge the complex nature of power relations that exist in public sector settings in order to understand better how PB can improve and promote democratic governance leading to greater accountability. It is within this context that the present study approaches this phenomenon.

3.6 Position of study

The extant studies reviewed in this chapter pointed towards the need to better understand the reforms through an emphasis on context. In a recent review of IPSAS adoption in emerging economies and least developing countries, Polzer et al. (2021) reiterated the need for research to focus more on the outcomes of the reform in different contexts. Polzer et al. (2021) specifically suggested exploring how IPSAS can relate to good governance principles such as accountability and transparency. As most studies of NPM-inspired accounting reforms tend to focus more on the economic benefits and outcomes of the reforms. Furthermore, while most studies have highlighted the significance of the context, little has been known of how these reforms can influence the context. Similarly, the wider societal implications of these NPM-framed accounting reforms have remained limited in the literature (van Helden et al., 2021). What the literature highlighted was how the reforms failed to achieve the intended economic outcomes and the relative contextual factors that impeded the implementation of the reforms. However, the literature says little about the wider societal implications of these reforms, which is important as it aids policymakers in identifying workable solutions. This study fills this gap by situating accounting within its social context that identifies broader societal implications of the reforms.

This study utilised a critical research approach that draws an in-depth understanding of how accounting tools under NPM are socially constructed and the relative implications. Critical theory provides an understanding of reality and the transformation of institutions (Laughlin, 1987). Drawing on Foucault's various dimensions of power has aided the study in providing alternative interpretations of the accounting phenomenon. In doing so, it unveils the role of accounting in its wider social context which contributes to this debate (Annisette, 2004; Bigoni et al., 2020; Burchell et al., 1985) but from a socio-political context. Figure 3.1 below presents the framework that identifies the four main areas of accomplishment by these NPM-inspired accounting tools (van Helden et al., 2021, p. 782). It is this framework that this study contributes towards.

Figure 3.1: Accomplishments of NPM-inspired accounting tools.



Source: (van Helden et al., 2021, p. 782)

3.7 Chapter summary

This chapter examined the current literature on the adoption of NPM-inspired accounting reforms, paying particular attention to the context of developing countries. The aim was to provide a background to research on this accounting phenomenon to identify current or existing problems in the literature. The chapter provided a comprehensive understanding of two NPM accounting tools, demonstrating the adoption and implementation challenges faced by developing countries. The literature review highlighted the diverse context of developing countries, demonstrating why the reforms rarely produced the intended results. Given this diversity, in recent reviews of the reforms in emerging economies and developing countries, there are calls for researchers to pay attention to the context. Bakre et al. (2022), in particular, reiterated that research should focus more on exploring ways IPSAS can relate to good governance practices that exist in developing countries. Yet, the extant prior studies reviewed in this chapter have shown that there is still a scarcity of research that takes on this path to address these calls. Similarly, there is also a gap in relation to the social implications of the reforms (van Helden et al., 2021).

The review of literature in this chapter thus identifies an important problem that this study intends to address. Fig 3.1 above provides an overview of the key areas of research on NPM accounting reforms such as accrual accounting and performance-based budgeting. This study contributes to the framework by locating accounting within its broader social perspective. It therefore prompted the study to take on a critical research approach to achieve this aim. Similarly, it also requires the study to frame its research questions to ask the *why* question. The next chapter presents the theoretical framework that provides the lens that frames the discussion of findings that inform this study.

CHAPTER 4: THEORETICAL FRAMEWORK

4.1 Introduction

The attempt by scholars within accounting to apply fresh, typically non-functionalist, theoretical insights into the implications of accounting within organisations and society prompted the need for critical research in accounting (Cooper & Hopper, 1990). This chapter draws on Foucault's concepts of power/knowledge in disciplinary power (Foucault, 1977) together with the extended concepts of governmentality (Rose, 1998; Rose & Miller, 1992b) and the technologies of the self (Foucault, 1988) to contextualise the accounting phenomenon studied using the Solomon Islands. Foucault's mentioned concepts provide rich insights into the historical and cultural underpinnings that situate accounting as a regime for change within its wider organisational and social context (Burchell et al., 1985; Chua, 1986a; Hopwood & Miller, 1994).

Foucault's three dimensions of power have been used to provide the theoretical lens for the study. The first dimension of power is Foucault's concept of governmentality integrating its extended versions (Rose, 1998; Rose & Miller, 1992a). In Foucault's definition, governmentality is associated with the analysis of power in terms of political rationality and technologies of conduct. The concept of governmentality together with elements of the self is used in Chapter 8 to demonstrate the diverse domain of the national government that comprises programmes with conflicting rationales. Accordingly, the reforms have been countered by hidden political rationales that are associated with rural and livelihood programmes.

The second power dimension of the study relates to Foucault's disciplinary power. Foucault illustrated this form of power using the emergence of prison in the early 19th century. For Foucault, the aim was to explore a much broader and contemporary means of how power is applied to construct individuals (Garland, 1986). Garland (1986) posits that power, knowledge, and body are three major and interrelated concepts that Foucault uses to analyse and conceptualise forms of domination. Disciplinary power is used particularly to address part of RQ1 and RQ2 which explore the adoption of the reforms at the provincial level.

The third dimension is the power of the self which is attributed to subjectivity. According to Foucault (1988), the individual subject passes through techniques or *technologies of the self,* such as the norms and cultures imposed upon individuals. This dimension provides the lens for interpreting the findings in Chapter 8 and Chapter 9. Furthermore, notions of resistance attributed to governmentality that Foucault termed as counter-conduct are also used. In Chapter 9, the study used the concept of counter-conduct to demonstrate how accounting as a calculative technology counters notions of power centralism leading to calls for changing the modality of governing at the national government level.

The rest of this chapter is organised as follows. The first section provides a brief background to Foucault's concept of power based on his work on *Discipline and Punish* (Foucault, 1977). I then provide a discussion on governmentality and its extended version. This is followed by discussions on dimensions of the self together with the concept of counter-conduct. In the fifth section, I provide a discussion of the prior studies in accounting that have used these theoretical concepts and the rationale for use of these theoretical lenses.

4.2 Foucault's nature of power

For Foucault, power is socially constructed as opposed to the sovereign forms of power such as constitutions, laws, and parliament where power is implied as a right of the sovereign over the subjects (Foucault, 1982). Foucault (1979, pp. 93-94) explains:

> Power is everywhere; not because it embraces everything but because it comes from everywhere…. Power comes from below; that is there is no binary and all-encompassing opposition between the ruler and ruled at the root of power relations and serving as a general matrix – no such duality extending from the top down and reacting on more and more limited groups to the very depths of the social body. One must suppose rather that the manifold relations of force that take shape and some come into play in the machinery of production, in families, limited groups, and institutions, are the basis for wide-ranging effects of cleavage that run through the social body as a whole.

Power is embedded in social relations through numerous forms of domination and subordination (Garland, 1986). Garland (1986) emphasised that power must not to be viewed as the property of particular classes or individuals who have it, nor as an instrument they can use. Power relationships invest and display no simple pattern. As Foucault (1980) describes it, it is productive and is exercised through a net-like organisation. Foucault (1980) further argues that the individual that is socially constructed is at the same time the vehicle for imposing of power. The individual in this regard is both an outcome of power and is also an element of its articulation.

A central element of Foucault's notions of power is knowledge which Foucault argues is intertwined with power is knowledge or power/knowledge (Garland, 1986; McHoul & Grace, 1998). Foucault conceptualises knowledge as a form of power given it entails the authority of the truth (Foucault, 1994). Consequently, knowledge has the power to make itself true. Using his work on *Discipline and Punish*, Foucault illustrates the concept of knowledge/power through the successful control of the body. As he argues, a degree of understanding of forces, their reactions, their strengths and weaknesses, and their possibilities is required to successfully control the body (Garland, 1986). Equally important is how knowledge as power is constituted through discourse. Foucault conceptualises the significance of discourse to power/knowledge in his work on the *Archaeology of Knowledge (1972)* and in other texts of self-commentary (1971, 1978) (cited in McHoul & Grace, 1998).

For Foucault, discourse is viewed in relation to knowledge that goes beyond the technical knowledge of *know-how*. Knowledge means the "*social, historical, and political conditions under which, for example, statements come to count as true or false*" (McHoul & Grace, 1993, p. 29). Accordingly, discourse does not only refer to language or social interaction. Rather, for critical theorists like Foucault, discourse extends to mean relatively well-bounded areas of social knowledge (McHoul & Grace, 1998). As Foucault (1977, p. 27) writes:

> In a society such as ours, but basically, in any society, there are manifold relations of power that permeate, characterise, and constitute the social body, and these relations of power cannot themselves be established, consolidated, or implemented without the production, accumulation, circulation, and functioning of a discourse. There can be no possible exercise of power without a certain economy of discourses of truth that operate through and on the basis of this association. We are subjected to the production of truth through power, and we cannot exercise power except through the production of truth.

The connection between power and knowledge constitutes a discursive power. McHoul and Grace (1998) pointed out that discourse is not only an end-product of pre-existing power, but it rather operates within power relations. Discursive power is the production of knowledge in relation to the historical production of truth. It is a form of power that can reconstruct an individual's identity on the basis of what is considered the truth. In a similar vein, it functions through various techniques for transforming individuals or bodies according to the truth (Foucault, 1980). Foucault defines truth not as the product of scientific methods. Rather, truth is generated by much less credible or unglamorous systems of knowledge (McHoul & Grace, 1998). Foucault (2000) demonstrates this in his work on *The Order of Things* which illustrates how knowledge has been organised at a particular period of cultural history and how this knowledge was reorganised later to produce the truth.

Foucault also lectures about subjugated knowledge or *a return of knowledge* in relation to truth. Foucault (1980) presents two key points regarding subjugated knowledge. The first concerns the historical contents of knowledge that have been suppressed and formally disguised. Foucault (1980) posits that it contains historical knowledge that allows the rediscovery of the ruptured effects of conflicts and struggles that the order imposed by systematising thought is designed to cover. The second, Foucault (1980) referred to as knowledge that is naïve and that can be located at the very bottom of the hierarchy or beneath the required level of cognition or scientificity. Foucault (1980) stated these two imply historical knowledge of struggles that hold the memory of hostile encounters which is confined to the margins of knowledge. The form of knowledge that emerges out of these is what he calls the genealogy of those struggles. Genealogy, unlike knowledge in the hierarchical order, should be seen as an attempt to emancipate historical knowledge from subjection (Foucault, 1980), so that to render historical knowledge against the struggle of coercion from scientific knowledge.

Retrieving buried knowledge or knowledge that has been subjugated allows individuals to connect with their histories (Hartman, 1992). This process of going back is a means to reclaim the ancient knowledge that was lost or buried. It is a means for individuals to offer alternative interpretations or to contest the truth (Knights & McCabe, 2000). For Foucault, resistance operates strictly on the level of discursive cultivation (McHoul & Grace, 1998). As he pointed out, the existence of resistance is a catalyst to shed light in relation to power relations and how power has been applied or imposed. (Foucault, 1982). As Foucault (1982) highlights it involves analysing power relations through antagonism of strategies rather than analysing power from the point of view of its internal rationality. For instance, the forms of resistance should be investigated to understand the relative power relations, their conditions of possibility, and their installation at specific sites.

4.3 Forms of power

In the above discussions, I discussed Foucault's concept of power/knowledge. In the following subsection, I have discussed three of his key modes of power/knowledge: disciplinary power, technologies of the self, and governmentality. These are the modes of power that aid the study in addressing the study's four research questions.

4.3.1 Disciplinary power

Discipline has its roots in monasteries and armies (Foucault, 1975). Foucault used *docile bodies* to trace the genealogy of the disciplinary methods that existed in monasteries and armies. The story of the soldier in his *docile body* defined discipline as a technique of controlling the movement and constant functioning of the body (Foucault, 1977). As Foucault (1977, p. 136) writes "*a body is docile that may be subjected, used, transformed and improved.*" This implies the significance of the body as the target of power. It is a form of coercion that is imposed on the body in a similar manner to the human body entered a machinery, explored, and rearranged (Foucault, 1975).

Furthermore, controlling the movement and operations of the body is done in a continued manner, implying the objective for applying coercion. The constant subjection of power onto the body implied the docile body has become the economy. For this form of power, economy, and efficiency have been the key objectives (Foucault, 1977). Factors such as behaviour or the language of the body are only secondary. Foucault (1977) further emphasised the form of modality of this power uses codification of partitions of time, space, and movement. The subjection of the operations of the bodies in a docility-utility relation demonstrated notions of discipline.

The above demonstrates the new form of disciplinary power that Foucault had traced, which had existed in armies and monasteries (Garland, 1986). This form of power places an individual under constant surveillance instead of applying physical punishments and torture as a means of disciplining the soul of the offender. It emerged as a new and more efficient form of power in the seventeenth and eighteenth centuries. Unlike sovereignty power which emerged as a practice of monarchical rule and was later established as liberal and democratic states in the form of laws, regulations, and decrees, the mechanism of disciplinary power is normalisation.

4.3.1.1 Disciplinary principles and techniques

Under this subsection, I have outlined Foucault's key disciplinary principles and the corresponding techniques that denote his disciplinary power.

4.3.1.1.1 The art of distributions

Foucault's first disciplinary principle emphasised the allocation of individuals in space. Foucault provided four techniques used for this purpose. The first is *enclosure,* a protected place of disciplinary monotony that allocates heterogeneous individuals to a confined space such as schools, monasteries, factories, and military barracks (Foucault, 1977). An enclosure was intended to achieve maximum advantage by neutralising inconveniences. The second is *partitioning,* based on the principle of elementary location given that the former is insufficient in itself to achieve disciplinary space. It involves placing individuals from the general enclosure in their own space. Additionally, partitioning divided the disciplinary space into many sections as there are elements or bodies to be distributed (Foucault, 1977). Hopper and Macintosh (1993) highlighted that the initial stages for transforming a heterogeneous mass of individuals into a homogeneous social order involve an enclosure, with confined partitions. This enables badly behaved individuals or groups to be portioned for the purpose of imposing corrective measures.

The rule of the functional site as the third technique involved the allocation of space according to a specific function to be performed. It involved classifying individuals according to their skills to allow supervision, observations on workers' presence and their performance, comparison and classification based on skills and speed (Foucault, 1977). Finally, the elements are interchangeable in discipline given that each individual is defined based on the place it occupies and by the gap that separates it from other individuals (Foucault, 1977). The unit is therefore the *rank*. In discipline, individuals are defined by the rank they occupy in the hierarchy. Furthermore, rank was identified as a more effective means of distribution of individuals according to the educational order in the eighteenth century (Foucault, 1977).

4.3.1.1.2 The control of activity

Foucault's second disciplinary tenet employs several methods aimed at controlling and improving the activities delegated to the disciplined individual. I discussed three of his methods for illustrating this principle.

The time-table, Foucault (1977) described is an old inheritance that followed a strict model used by the monastic communities. It employed three key methods – "*establish rhythms, impose particular occupations, regulate the cycles of repetition*" (Foucault, 1977, p. 149). These have been commonly used in schools and hospitals and even by the great manufactories of the early nineteenth century. The underlying disciplinary principle of the timetable was to eliminate wastage of time and individuals were groomed to avoid idleness. Foucault's second method is the temporal elaboration of the act which is used mostly in army barracks. Unlike the timetable, this method provides the general framework for an activity. It provides a disaggregated and charted sub-element of the act including a duration and the order of how the activity should be carried out (Sargiacomo, 2009).

The third disciplinary control involved the correlation of the body and the gesture (Foucault, 1977*).* This method was aimed at disciplining body gestures and the overall positioning of the body. For instance, in schools children were taught to "*hold their bodies erect, somewhat turned and free on the left side, slightly inclined, so that, with the elbow placed on the table, the chin can be rested upon the hand"* (Foucault, 1977, p. 152). Foucault (1977) highlighted that a disciplined body provides the appropriate context of the slightest gesture in a similar manner that it becomes a prerequisite for an efficient gesture. Exhaustive use of time is another method employed by Foucault, which is the principle that underlays the timetable method. As mentioned, timetable was a technique used to discourage idleness. Exhaustive use of time in principle aids timetabling in imposing disciplinary measures to achievement of non-idleness principle. It used detailed internal arrangements aimed at achieving ultimate efficiency in the usage of time (Sargiacomo, 2009).

4.3.1.2 The means of correct training

Foucault (1977) presented three instruments for implementing the disciplinary principles and techniques that are outlined above. These include hierarchical observation, normalising judgment, and examination.

4.3.1.2.1 Hierarchical observation

Discipline is exercised through a coercive process of observation. Foucault defined hierarchical observation as a mechanism that employs techniques that are established to make visible those whom power is applied (Foucault, 1977). Foucault (1975) added that in a perfect disciplinary mechanism it would be possible to see everything constantly. The hierarchical observation was intended to capture the entire area through distribution of disciplinary gazes over the areas supervised. Thus, as an apparatus of power, hierarchical surveillance is vital for achieving maximum productivity with the aim of increasing efficiency.

However, without a system to relay information, the disciplinary gaze becomes incomplete (Hopper & Macintosh, 1993). A pyramid-like administrative network is thus required. The pyramid must be subtle and does not burden the individuals in the hierarchy. Similarly, the pyramid-like network must be sufficient to act as a brake to each individual's activities (Hopper & Macintosh, 1993). Foucault (1977) stressed the need for surveillance through a disciplinary gaze especially with the growth and expansion of factories in the nineteenth century. Hierarchical surveillance with its cadre of administrators is important for keeping a close watch over specific activities of the workers, especially in observing their skills, knowledge, and overall performance (Hopper & Macintosh, 1993). Moreover, there is a distance between the close surveillance from the cadre administrators and the workers. Given their newly assigned surveillance roles, they see themselves as superior and in command.

For Foucault, a hierarchical and functional monitoring apparatus may not reflect one of the great technical inventions of the eighteenth-century (Foucault, 1977). However, its insidious extension is framed to illustrate how disciplinary power has become an integrated system that can lead to achieving maximum efficiency. In addition, surveillance powers are also framed as a complete network of relations, for instance, from the top to the bottom (Hopper & Macintosh, 1993). Foucault (1977) pointed out that by operating like a pyramidal organisation with a head, efficiency can be achieved through distributing individuals in the functional field which makes it possible to provide a hierarchical gaze.

4.3.1.2.2 Normalising judgment

Normalising judgment consists of disciplinary sanctions established to correct behaviour or performance against a standard norm. These sanctions which existed outside of regulations and punishments of the legal system, were intended to correct behaviour and reduce non-conformity (Hopper & Macintosh, 1993). For instance, in a school a student identified with such behaviour is requested to memorise long passages by heart or write repeatedly one or two lines of a verse. According to Foucault (1977), it is a small penal mechanism that exists at the heart of all disciplinary systems. With an established infra-penalty, these sanctions portioned an area that was not covered by the legal system. Moreover, Foucault (1977) stated that it uses a subtle of procedures, from light physical punishment to petty humiliations.

Normalising disciplinary sanctions also employs physical exercises (e.g., intensified forms of training) apart from punishments borrowed directly from the judicial model such as fines, flogging, and solitary confinement (Foucault, 1977). The objective is to produce an expected outcome from this form of punishment. Hence, in discipline, Foucault (1977) emphasised punishment is only one element as the system also considers the significance of training and correction. For instance, schools have been encouraged to use rewards more frequently to correct certain behaviours rather than relying on punishments. In addition to the use of rewards, ranking is also used as another disciplinary penalty. Foucault used children in a Christian school by ranking them in terms of a scoring system between two poles (good and bad). The scores were used to position the children between the two poles to establish a score for each child. Children with higher ranks were given specific privileges. Use of rank in this regard functions as either reward or punishment (Foucault, 1977).

Furthermore, according to Foucault (1977) the art of punishing in disciplinary power is aimed at neither expiation nor even precisely at repression. Individual actions have been referred to as a whole that is at once a field of comparison, a space of differentiation and the principle of a rule to be followed. Individuals are differentiated from one another using quantitative terms and hierarchies using knowledge and nature of individuals. Foucault (1977) explains the perpetual penalty that transverses all points and supervises every instant in the disciplinary institutions. It compares, differentiates, hierarchises, homogenises and excludes. A penalty of the norm is created through this disciplinary mechanism where individuals are identified as belonging to a normal group.

4.3.1.2.3 The examination

The examination, according to Foucault (1977), is a combination of the techniques of an observing hierarchy and that of a normalising judgment. It is surveillance, a normalising gaze that classifies individuals for punishment. In all mechanisms of discipline, Foucault (1977) noted that examination is highly ritualised through a constantly repeated ritual of power. For example, in a hospital, the daily checkup on patients made by the physician is a form of ritualistic examination. Perpetual surveillance, examination, and normalisation are established through the patient (Hopper & Macintosh, 1993). The patient in this regard becomes an object for subjection of power through this disciplinary procedure. Hence, for its potential to establish the truth, examination became one of the most effective means of discipline and control in Western society (Foucault, 1979).

Examination has introduced a mechanism that establishes a link between knowledge and power (Foucault, 1979). Traditionally, power was only visible through the method it deployed. The object remains in the shadow and only receives light from the portion of power that was subjected to it. Disciplinary power, on the other hand, the subjects become visible and are constantly observed (Foucault, 1979). Being constantly observed helps to maintain power over the disciplined individual. Examination in this regard is a technique that imposes power and holds the individual for objectification. As Sargiacomo (2009) put forward, although this form of power is exercised behind closed doors, constant visibility is applied to the examined object.

Further to the above, the examination also establishes written documentation and records. The examination procedure is supplemented with a system of documentation (Foucault, 1979). That is, through surveillance, the examination established a network of writing. Such a network forms the power of writing which becomes an essential part of the mechanism of discipline (Foucault, 1979). For instance, in a hospital, the register contains information relating to an individual such as the medical background or history of a patient. The examination procedure in this regard enables the establishment of a whole series of codes of disciplinary individuality. Foucault (1979) highlighted that this coding produced new data using homogenisation of the individual features which gave birth to the notions of a case study. Social scientists and other experts can measure, describe, and compare against the average individual which enables judgment for the determination of proper corrective solutions (Hopper & Macintosh, 1993).

4.3.1.3 The Panopticon

The panopticon demonstrates how discipline and punishment operate in modern society (Foucault, 1975). Foucault used the *Panopticon* or *Inspection House* developed by Jeremy Bentham (Garland, 1986) to illustrate a disciplined society. Foucault wrote:

> This enclosed, segmented space, observed at every point, in which the individuals are inserted in a fixed place, in which the slightest movements are supervised, in which all events are recorded, in which an uninterrupted work of writing links the centre and to a continuous hierarchical figure, in which each individual is constantly located, examined and distributed among the living beings, the sick and the dead – all this constitutes a compact model of the disciplinary mechanism (Foucault, 1977, p. 197).

The panopticon which originated from a prison represents a central tower overlooking all directions of the cells in a periphery ring (Hopper & Macintosh, 1993). The cells were like tiny theatres with two large windows for a cell. One window is located at the rear to light up the cell from the outside while the other is in front, facing the tower. Inmates are located on the stage of the cell, alone and individualised, and in such a way they can be constantly visible (Macintosh, 2008). The uninterrupted visibility from the central tower, however, must be done in a way that the inmates will not be aware that they have been watched. Furthermore, Foucault (1977) explained that the panopticon also had an apparatus for the supervisory function using directors. Directors were appointed to head specific functions of the panopticon. Their main role was to implement disciplinary practices, for instance, performing continuous judgment, training, and correcting of individuals. These disciplinary methods enabled power to penetrate and impact on the behaviour of individuals which led to efficiency.

An interesting feature of the panopticon is that it allows for outside inspection. Despite its enclosed nature, anyone from outside (a friend of the director, a relative, a servant or even a passer-by) can exercise the function of surveillance in the tower (Foucault, 1977). This increase of power did not in any way cause any risks given its disciplinary mechanisms were well controlled. In fact, according to Foucault, having anonymous observers and a variety of temporary observers enabled the panopticon to work better (Hopper & Macintosh, 1993). This was because the inmates' anxiety increased with outsiders in the surveillance room, hence it motivated them to conform resulting in normalisation. For Foucault, the panopticon demonstrated power relations in everyday life. The panopticon enabled power to be reduced to its ideal form by increasing the number of people it could control and reducing the number required to operate it (Foucault, 1975). Similarly, the use of outsiders allowed neutral judgment on how well the institution was performing. As a highly efficient seeing machine, which is often regarded as the laboratory of power, it was an ideal means for knowing and disciplining space, time, and the body (Hopper & Macintosh, 1993).

4.3.2 Technologies of the self

Foucault's notions of subjectification explain how power is applied to individuals leading to the construction of new identities and new truths about oneself. It is a form of power that imposes a law of truth that makes an individual recognise and makes others recognise the new truth as a new identity (Foucault, 1983). Technologies of the self are associated with subjectification. According to Kelly (2013) it a set of techniques or practice a subject undergoes in the process of self-constitution. More specifically, the practices of the self include models that are found in culture or that have been imposed onto the subject by his society. The subject constitutes a new identity through these techniques or practices in an active fashion.

Technologies of the self is a reflection of Foucault's later work that explores how individuals realise their desires through discipline after creating themselves. As individuals are free from domination, they create their happiness through a process of self-discipline where they attain new knowledge about themselves (Starkey & McKinlay, 1998). Martin et al. (1988) put forward that it is one of Foucault's four technologies that highlight the significance of knowledge in understanding the self. The aim was to provide a history of the different ways individuals develop knowledge about themselves.

Moreover, since knowledge/power is embedded in the various techniques of domination that operate within social relationships (Garland, 1986) such knowledge must not be accepted at its face value (Martin et al., 1988). It is rather crucial to discover oneself by recovering the truth which has been forgotten. Foucault's power games of truth are based on four types of technologies of self-understanding. According to Deetz (1998) each is a matrix of practical reason, and each is associated with a certain type of domination. [13]

Foucault (1988) explained that the four technologies often function in a parallel manner. Although each technology is related to a specific type of domination that includes elements of production. For Foucault, Burkitt (2002) pointed out that these technologies involve specific modes of training that lead to the transformation of individuals, not only in relation to acquiring

[13] The four technologies are: (1) technologies of production, which permit us to produce, transform or manipulate things; (2) technologies of signs, which permit us to use signs, meanings, or signification; (3) technologies of power, which determine the conduct of individuals and submit them to certain ends or domination, an objectivising of the subject; and (4) technologies of the self, which individuals effect by their own bodies and souls, thought, conduct, and way of being, so as to transform themselves in order to attain a certain state of happiness, purity, wisdom, perfections, or immortality Foucault, M. (1988). Technologies of the self. Technologies of the self: A seminar with Michel Foucault,

certain skills but also in attaining new attitudes. Moreover, Foucault's primary focus is the ethical relation to the self (Burkitt, 2002). Arguably, for Foucault (1988) technologies of the self is contained in the relationship that one has to oneself which he refers to as *ethics.* Technologies of the self thus entail elements of ethics as Foucault stated: [14]

> Those reflective and voluntary practices by which men not only set themselves rules of conduct, but seek to transform themselves, to change themselves in their singular being, and to make their life into an oeuvre that carries certain aesthetic values and meets certain stylistic criteria (Foucault, 1986, pp. 10-11).

Technologies of the self thus play a significant role in shaping oneself. According to Aristotle, the term *technology* is associated with the production of objects (e.g., mechanical production). For Foucault, technology refers to the creative use of knowledge and skills (Burkitt, 2002). As such, technology is not just about the machinery of production or creative activity. It is rather the practical rationality that is associated with productive activities. In this regard, technology can be viewed as enmeshed in the social relations that individuals attain through education and training (Burkitt, 2002).

4.3.2.1 Rose's notions of the self

Nikolas Rose, in his *Inventing ourselves* (Rose, 1998) provides further elaboration to Foucault's (1988) work on the *technologies of the self.* Similar to Foucault, Rose also argues that historical investigations can open up our contemporary regime of the self. In his mentioned work, individuals think and act according to various disciplinary techniques that have been imposed which have psychological implications on the individuals. For Rose (1998) psychology plays a key role in constituting our current regime. As Rose (1998, pp. 10-11) emphasised psychology as an intellectual technology that enables "*a way of making visible and intelligible certain features of persons, their conducts and their relations with one another*".

Rose's conceptual view of psychology thus provides further support to Foucault's notions of knowledge in relation to the self. The acts of domination and self-mastery, Rose (1998) argues have been the counterpart of the capabilities and liberties that create the contemporary individual. Furthermore, Elliott (2013) also pointed out that the growth of Rose's 'psy-

[14] Foucault's notions of ethics are discussed below in subsection 4.4.2.2

knowledge' connects directly with the government of the self and its regulations. This view centres on how the 'psy' profession through the individual's self-conduct has significant implications for the repressive systems that govern and underpin societies. Equally important is the power of shaping language which seduces people to conform to what is acceptably sayable in societies (Elliott, 2013). For this reason, psy-knowledge which denotes the means of how individuals have been socially constructed is a crucial element of governmentality which is further elaborated below.

4.3.2.2 Ethics of the self

Technologies of the self as discussed above form a descriptive tool that is used for social analysis of a more sophisticated understanding of the relationship between the individual agent and social structures (McNay, 1992b). McNay (1992b) stated that Foucault had introduced these practices as a process of ethical reflection which is understood not in terms of meta-ethics but at the concrete level of historical practices. When applied to the ancient Greek and Roman texts, Kelly (2013) pointed out that the focus of techniques of the self is on ethics. For Foucault, ethics is related to the degree of freedom that is accorded to individuals and that determines their actual form of ethical practices (McNay, 1992b).

Ethics as Foucault (1984) defines refers to the manner in which individuals ought to conduct themselves in reference to some prescribed codes. For example, one's relationship with oneself in relation to how one should act with respect to a code. In the contemporary days ethics is widely understood as rules or principles labelled as right hence is ethical or moral (Kelly, 2013). However, for Foucault ethics and morals are not the same thing. Whereas in contemporary philosophy these are taken to be synonymous. For Foucault, there is a difference between the two (Kelly, 2013). Foucault defines morality as "*encompassing a moral code and behaviour in relation to that code, between which there are varying degrees of compliance in practice*" (cited in Kelly, 2013, p. 517). Morality for Foucault is a social fact, and hence is historically relative. Ethics on the other hand is the set of codes that an individual constitute himself according to *as a moral subject of his own actions* (Foucault, 1984, p. 263).

Furthermore, Dean (1994) asserts that each form of ethical relation to the self is characterised by a distinctive mode of subjectification and concerns the kind of ethical subjects created. For instance, for Christians, ethical relations are based on spiritual norms where individuals constitute themselves according to biblical codes. Self formation in the contemporary world is also undertaken in relation to various forms of psychological and psychoanalytic techniques and knowledge (Rose, 1998). Dean (1994) highlighted that one needs to examine the ethical work or the form of asceticism, the self-forming activity, its methods, techniques, and instruments as this is where the techniques of the self come into focus. Examples of series of techniques include dialogue, listening, meditation, training the memory, examination of conscience and self-examination, and confessions or penance for Christianity.

4.3.2.3 Reflexivity

Despite critiques that Foucault's reintroduction of the subject had failed to show how self-empowerment occurs in a thoroughly power-structured environment (Kögler, 1996), Foucault's problematic notion of reflexivity continues to attract attention. Foucault's concern in relation to self-empowerment or what he calls reflexivity is the constitution of the self as an autonomous subject (McNay, 1992b). In an interview with Gerald Raulet, McNay (1992b) states that Foucault's concern is how the self constitutes itself within a reflexive relationship of itself and how the self can attribute truth about itself. The objective of Foucault is to explore how the relationship between reflexivity and the discourse of truth are linked (Foucault, 1983).

In his work on *The hermeneutics of the subject*, Foucault emphasised his view of reflexivity in three ways namely: recollection, method, and exercise (askēsis). Recollection is the first form of reflexivity and is related to Plato which in Greek is the fundamental means of conversion (Geerinck et al., 2010). For Foucault, recollection implies an experience of conversion where the soul returns to its source. The reversion of the self through recollection is a means for the self to remember and recollect knowledge (Geerinck et al., 2010). Through recollection, truth can be established as one looks back to the past.

The second which is the method, refers to the intelligibility of thought where knowing is no longer considered a matter of recollecting a past or the discovery of truth within the self but is rather attributed to the method (Geerinck et al., 2010). It is a form of reflexivity in which Foucault (2005a) attributes truth to the systematisation of objective knowledge. One therefore must apply an appropriate method of thought or analysis to access the truth (McGushin, 2007). The third form of reflexivity embodies a reflexivity based on meditation. Foucault explains that the self is not perceived as an object of knowledge but rather as an object of exercise (Geerinck et al., 2010). Foucault pointed out that in Greek the word exercise ascribed a positive and productive meaning such as perfecting oneself, developing one's capacities to becoming who one is (McGushin, 2007). Thus, McGushin (2007) highlighted that for Foucault, exercise as a form of reflexivity means the exercise of thought such as a work of thought upon itself which in philosophy is an attempt to free oneself.

Furthermore, meditation as a form reflective exercise is not simply a feeling but it also indicated an activity. Geerinck et al. (2010) pointed out that it implies exercises that free oneself from the enslavement of the self by oneself. It means to open up and become aware of and to be curious about the present that forms oneself.

4.3.3 Governmentality

Foucault's conception of governmentality is attributed to the analysis of political power in two ways. It analyses political power in relation to political rationalities and technologies of governing or the *conduct of conduct* (Miller & Rose, 1990). The following section analyses these, in particular, the way political rationalities are linked to the conduct of individuals and populations.

4.3.3.1 Political rationalities

The concept of governmentality was coined by Foucault in a series of his lectures on the *Birth of Biopolitics* in 1979 (Clegg et al., 2002). With a focus on the *genealogy* of the modern state, Foucault introduced the concept of governmentality as a guideline for his analysis of the historical reconstructions in his initial work on population (Lemke, 2011). It was during the changing face of liberalism during the Reagan and Thatcher administrations that Foucault initiated governmentality as a political project for studying power (Clegg et al., 2002). For Foucault, Clegg et al. (2002) submitted that governmentality meant both strategies of organisational governance, in a broad sense, as well as self-governance by those who are made subjects of organisational governance. Identifying new liberal approaches to political management is crucial to governmentality. As Foucault (1988, p. 20) expressed, for governmentality, the focus is *the totality of practices by which one can constitute, define, organise, and instrumentalise the strategies which individuals in their liberty can have in regard to each other*.

It should be noted that Foucault's aim in his work on governmentality was not to provide an alternative theory of the state. As illustrated above, Foucault's primary intentions are the techniques and rationalities that are attributable to government. Further, Lemke (2011) suggested that one of concerns of governmentality is the semantic connection between governing and the modes of thought as a means of studying the technologies of power. Knowledge is crucial, given that government is a domain of thought, calculation, experimentation and evaluation which is intrinsically linked to the activities of the expertise (Rose & Miller, 1992b). This modern form of government is an association between entities constituted of expertise in economic, legal, spiritual, medical, and technical spheres. Central to these is the type of mechanisms used in administering these in relation to conceptions of what is considered good, healthy, normal, efficient, or profitable (Rose & Miller, 2010).

The study of technologies of power in this regard needs an analysis of the underpinning political rationality since in the eighteenth century, the term government possessed more than a political meaning and rationality (Lemke, 2011). As Rose and Miller (1992b) argue, the problems of government do not only necessitate political rationalities such as the changing discursive fields within which the exercise of power has been conceptualised. In the advanced liberal democracies of the present, an analysis of the intricate inter-dependencies between political rationalities and governmental technologies is crucial to understand the multiple and social networks that connect the lives of the individuals, groups, and organisations of authorities (Rose & Miller, 1992b).

Accordingly, governmentality does not only relate to political rationality. Rather, it also refers to fields including philosophy, religion, medicine, and pedagogy. The aim is to influence the conduct of others. As Helliwell and Hindess (1999, p. 91) write, "*rather than operating in the manner of domination to determine directly the behaviour of individuals, government, in Foucault's view, aims to affect their behaviour indirectly by influencing the manner in which they regulate their own behaviour"*. Rationalities of government are Foucault's primary concern. Accordingly, it broadens the scope of governmentality to mean the techniques and procedures for directing human behaviour (Foucault, 1977).

Governmentality is a modern form of the art of governance that refers to a complex array of programs and techniques for governing people and things (Hutchinson & O'Malley, 2018; Rose & Miller, 1992b). As Hunt (1996, p. 167) puts it, *governmentality is about the mentalities and rationalities associated with the practices of governing*. In the next subsection, I discussed how rationalities to govern have been conducted on individuals and populations. This is the extended version of Foucault's governmentality advanced by scholars like Rose and Miller (1992a).

4.3.3.2 Technologies of government

Rose & Miller (2010) asserts that technologies of government are linked to a whole range of apparatuses and a complex system of knowledge pertaining to government and the modalities of its exercise. It is these modes of objectification which transform human beings that have been central to Foucault's work (Foucault, 1982) which addresses techniques and practices by which governing one self, others, and the state can work. This implies the use of expertise, which was one of Foucault's significant ideas about governmentality. In the contemporary world, in order to exercise a certain regime of authority, governments rely on techniques and methods such as systems of accounting, auditing, or other methods of organising work (Dean, 1994). This indirect means of intervention is a central feature of modern governmentality. Miller & Rose (1990) pointed out that the role played by professionals is vital in regulating different areas of social life.

The diverse and complex nature of governmentality requires different expertise in practitioners such as lawyers, accountants, doctors, and teachers. As Johnson (1993, pp. 142-143) emphasised, that *the professions were, then, inextricably fused in this "transformation" of the strategies and technologies of power. They were, in part, both the progenitors and the beneficiaries of this complex network of governmentality.* Furthermore, while highlighting the significance of expertise, Foucault also pointed out the existence of different power relations and how these have helped in the functioning of the state. Foucault was referring to questions of power in the form of state with regard to the role of expertise in governmentality. While Foucault does not deny the importance of the state, however he refuses to view the state as the only form of power in society. For Foucault, analysis of power in governmentality goes beyond the state. The *"state can only operate on the basis of other, existing power relations"* (Foucault, 1980, p. 122). For instance, the emergence of disciplinary power is not to replace sovereignty or the emergence of governmentality as a replacement for disciplinary power (Foucault, 1991). Rather, together they form a triangle of power that forms the apparatus for governing the populations through individuals. Similarly put, it is this triangle of power that provides an apparatus for achieving governmentality in modern societies (Foucault, 1982; Lemke, 2001).

The third component of the triangle, government is also achieved where technologies of power intersect with technologies of the self (Foucault, 1988). Foucault (1988) explains that the continuum of government goes beyond political government to forms of self-regulation, in this regard technologies of the self. I discussed this technology in the earlier subsection highlighting the self-esteem goals attributed to this form of power.

In line with this perspective, government also includes culture as a mechanism through which governmentality operates (Bennett, 2003). Apart from discussions of neoliberalism, Dean also recognises the social elements which may implicate cultural dimensions. Bennett (2003) asserts that although Dean does not articulate this, Nikolas Rose advocated this by highlighting the importance of psychology in governmentality. Rose (1998) argues that the history of the psy discipline is the history of how human beings have regulated others and have regulated themselves in the light of certain games of truth. This implies questions in relation to organisation of political power that plays a significant role in shaping our contemporary experience and is connected to this regulatory role of psy (Rose, 1998). For Rose, Bennett (2003) explains the concept of discourse denotes culture, given that culture is a distinctive set of knowledge, expertise, and techniques. The views held by Rose and Dean therefore inform a connection between culture and technologies of the self. According to Bennett (1989), culture can be understood as the institutions, symbol systems, and forms of regulation and training. These are responsible for forming, maintaining and/or changing the mental and behavioural aspects of populations. This is similar to Hall's examination of the social element which he defined as the *cultural turn* (Hall, 1997).

The above indicates the significance of language in relation to social life in general (Bennett, 1989). Hall argues that economic and social processes depend on meanings ascribed to ways of life that are based on our identities. Bennett (2003) also pointed out that culture works through mechanisms of language and representation that shape social relations by organising the frameworks of meaning that govern the conduct of social agents. Cultural mechanisms in this regard operate through technologies of the self. This implies a policy based on culture, understood as institutionalised practices aimed at shaping conduct (Barnett, 1999). Cultural mechanisms, Barnett (1999) suggests, require an adequate understanding of the relationships between culture and government. This needs to be integrated as a range of everyday strategies through which practices of normalisation, disciplinisation and government are deployed.

4.3.4 Governmentality and counter-conduct

Foucault's concept of counter-conduct emerged in his lecture on *Security, Territory, and Population* in 1978 where he reflected on resistance to conduct that arose in response to the early forms of pastoral Christianity (Odysseos et al., 2016). Odysseos et al. (2016) explains that it is a form of resistance, termed as counter-conduct to mean the struggle against governing processes. Foucault developed the idea of the counter-conduct in the context of his work on governmentality to capture resistance to forms of government (Death, 2010). Death (2010) asserts that counter-conduct looks within government to see how forms of resistance relied upon, and are implicated within, the strategies, techniques, and power relationships they oppose. Crucially important is its focus on practices and mentalities of resistance that illuminate how power and resistance, government, and dissent are mutually constitutive.

Furthermore, government and resistance have been placed by liberal governmentality in a very paradoxical relation to one another (Pyykkönen, 2015). They produce and require each other but they also have to control each other. Pyykkönen (2015) stated this contradictory nature of liberal openness to civic resistance has to be kept in mind when observing Foucault's concept of civil society in relation to counter-conduct and its possible regulation. This is because civil society is viewed simultaneously as a counterforce to state power and a possible context for practicing citizen-inspired governance.

4.4 Foucault and accounting research

Following calls for accounting to be studied in its broader social context (Burchell et al., 1985; Hopwood, 1983), the work of Michel Foucault has been influential in accounting research. Drawing on Foucault's work shows how accounting is not just the product of a specific context but rather influences the very context itself (Loft, 1986). This indicates accounting is both reflective and constitutive (Napier, 2006). Foucault's two main streams in accounting research include governmentality and disciplinary power (Bigoni & Funnell, 2015). Below, I outline prior literature utilising these concepts to highlight areas of contribution by the study.

4.4.1 Prior accounting research on governmentality

Foucault-based accounting researchers (e.g., Rose, Miller and O'Leary) used the concept governmentality to illustrate accounting as a practice of action at a distance. A common theme that is emphasised in the extant prior literature is how regimes of accounting practices were used as technologies of power to govern populations. As Burchell et al. (1985) and Miller and Rose (1990) put forward, accounting is a technology of government that is loosely connected to wider socio-political objectives. For instance, informed by Foucault's work that focuses on the religious aspects of governmentality, Bigoni and Funnell (2015) illustrates how accounting plays an important role in reinstating the Church's pastoral role which had been weakened by the immoral practices of the clergies. Accounting reforms were initiated by Eugenius IV during a period of moral crises in the Diocese of Ferrara in Italy in the 15th century. Interwoven with key aspects of the Christian pastorate, accounting tools such as asset inventory and income and expenses books have been instrumental in reinforcing notions of pastoral care by countering the immoral practices of the clergies. Bigoni and Funnell (2015) demonstrated that accounting was not only a practice for improving financial decisions but was also instrumental in restoring the church's pastoral power (see also Bigoni et al., 2013).

The concept of governmentality was also used to examine the role of accounting in socio-economic aspects. Preston et al. (1997) examine how accounting functioned as a form of governmentality within the domain of healthcare. In their findings, the DRG-PPS facilitated action at a distance with the removal of the federal government from the micro-allocation decisions on health care for the elderly. This highlights the distributive dimension of government where accounting functions as a technology of distribution (Preston et al., 1997). The DRG-PPS therefore was able to balance the competing ends of the health of the elderly against the costs to the federal government. [15]

Performance audit (PA) was also used as a form of governmentality (Eckersley et al., 2014; Rana et al., 2021). These prior studies illustrate how the state functions in a neoliberal sense that is aligned with market logic. Lemma et al. (2021) for instance, mobilise Foucauldian concepts of visibility and identity that examine PA's role as a neoliberal governmentality. Given that visibility is associated with accountability (Zyglidopoulos & Fleming, 2011), they found that performance audit has improved the knowability of the public sector management phenomena to enhance public sector accountability. It enables government audits that adopt neoliberal doctrines of NPM with a focus on market rationality to be examined from the perspective of neoliberal governmentality. Governmental rationalities are fundamental tools of

[15] DRG-PPS denotes Diagnosis Related Group-Prospective Payment System which was part of President Ronald Reagan's Tax Equity and Fiscal Responsibility Act.

public sector performance management (Guthrie & Parker, 1999). This pointed to the role of performance audit within the social, political, and economic environment.

Prior literature has also revealed the use of Foucault's concept of governmentality to illustrate the ways accounting as a technology of governing has been mobilised by specific political programmes and rationales in diverse contexts (Mennicken & Miller, 2012). A recent study by Ahrens et al. (2020) demonstrated a situation where accounting was implicated in the struggle between programmes of conflicting rationality. Their study explores how a local government used accounting to battle the effects of austerity which had led to budget cuts. Within these conflicting rationales, accounting was utilised in the efforts for countering the austerity effects. This situation has significant implications for our understanding of accounting as a technology of rationale of governmentality. Miller and O'leary (1994) argue that linkages between technologies, rationales, and programs are hardly straightforward. In the case of the mentioned, the innovative accounting technologies that established the counter-conduct were opposed by the local government resulting in countering the effects of the austerity measures.

Governmentality research involves a myriad of programs that are mobilised to pursue political rationales which often are not aligned. Accordingly, Rose and Miller (1992a) pointed out that this situation carves out potentially important roles for accounting. For instance, Ahrens et al. (2020) found that the absence of counter-rationales in governmentality studies is due in part to the desire to explain clearly the connections between the dominant rationales, programmes, and technologies, and the roles played therein by accounting. The complexity surrounding competing rationales and programmes makes it conceptually difficult for accounting research on governmentality. As Miller (1990) posits, programmes are often terminated by their successor programmes, so accounting functions tend to be fragile and short-lived. Accordingly, neither the production of counter-conduct and its subjectivities, nor the conduct and associated creation of specific subjectivities should be regarded as straightforward (Ahrens et al., 2020).

Despite these complexities, empirical evidence exists that illustrates the use of the governmentality concept in highlighting ways in which accounting has been involved in the emergence of alternative ways of governing in counter-conduct situations. These include for instance the study by Bigoni and Funnell (2015) mentioned earlier that uses accounting to counter immoral behaviours and hence helps restore pastoral power in the Catholic parishes in Italy. The counter-conduct of a Dutch NGO exposes the dynamics of change within the governmentality process (Boomsma & O'Dwyer, 2019). The concept of governmentality aids the study in charting the shifting rationales and programmes of government that have shaped the construction of NGO accountability in the interactions between the Dutch government and funded development NGOs from the mid-1960s to 2012.

These prior studies have demonstrated how the notion of counter-conduct or resistance leads to sketching alternative practices in pursuit of alternative ends (Ahrens et al., 2020). Accounting was used predominantly with reference to conflicting rationalities between local and central governments (Bracci, Humphrey, et al., 2015; Bracci, Steccolini, et al., 2015; van der Kolk et al., 2015). Accounting in this regard has played diverse roles when deployed in counter-conduct situations. Ahrens et al. (2020) argued that how accounting can become implicated in counter-conduct as a productive, positive practice in countering existing forms of conduct remains under researched. The present study contributes to addressing this gap by extending the role of accounting in conflicting political rationalities between central and local governments. Specifically, this study unpacks ways in which accounting as a technology of governing was mobilised within a domain of conflicting programmes and rationalities.

4.4.2 Prior accounting research on disciplinary power

With regard to Foucault's disciplinary power, accounting is viewed as an instrument of power and domination that enables individuals to become knowable and calculable (Carnegie & Napier, 1996). Hoskin and Macve (1986) pointed out that accounting can be deployed as a disciplinary regime in modern organisations that regard accounting as having the ability to render human performance visible and calculable. Further, while the use of Foucault's disciplinary power was dominated by studies in management accounting especially in the mid-1980s and early 1990s (e.g., Hopper & Macintosh, 1993; Hoskin & Macve, 1988; Miller & O'Leary, 1987; Walsh & Stewart, 1993), Grose (2011) posited that Foucault's notions of disciplinary power were not new in studies of accounting and control issues in a public sector environment. In the public sector, Foucault's concepts of disciplinary power have been used to explore the relationship between accounting, accountability, and subjectivity in the wider social context (Ahrens & Ferry, 2021).

The concept of the disciplinary gaze was used to demonstrate enhanced accountability through financial reporting (Grose, 2011). Grose (2011) examines the use of indirect government control mechanisms for holding government agencies accountable. Foucault's discourses on disciplinary power (e.g., surveillance and normalisation) have been found to improve the control of social security expenditure. This in turn helps to establish compliance with government policy and ultimately short-term financial control. The Participation Report which resembles the panopticon provides a means for those in authority to monitor the overall performance of government agencies, in this regard, the job network consultant (JNC).

Still using the disciplinary gaze, Maroun and Atkins (2014) explored how the notion of disciplinary power that was manifested in audit regulations was found to enhance the integrity of the profession through a whistle-blowing regulation. In their findings, the whistle-blowing duty has not been institutionalised internally by the practitioners because of the fear of losing clients and additional expenses practitioners are likely to incur in whistleblowing. Maroun and Atkins (2014) thus illustrate that notions of enclosure, efficiency, and surveillance may not lead to a complete panoptic control as was also evidenced in prior studies (e.g., Cowton & Dopson, 2002; Wang & Hooper, 2017). However, concepts of enclosure and partitioning through the new whistle-blowing regulation were found to engender compliance and internalisation of the reporting requirement as an integral part of the auditing process (see also Maroun & Solomon, 2014).

In a similar scenario, Cesário et al. (2020) analysed how the supreme audit institution (SAI) monitors related party transactions (RPT) in the Brazilian public sector. In their findings, monitoring of the RPT by the Brazilian SAI was influenced by a lack of relevant laws and regulations for PRT. Although the PRT was established under a pedagogical framework with routine monitoring and guidance from SAI to ensure the auditees applied good practices of internal control, stronger legislation are needed to enhance the efforts of the surveillance. Cesário et al. (2020) therefore demonstrated the performance of RPT surveillance in an environment where regulations are absent. Their study highlighted the need to establish relevant regulations in the public sector to improve surveillance.

In a financial reporting context, Foucault's concepts of enclosure have been employed to explain changes in financial reporting with the release of IFRS 10 and IFRS 12 by the IASB in 2011 (van Zijl & Maroun, 2017). Despite the elements of disciplinary power and control do not resemble the panopticon, the issuance of the two standards in response to the 2007-2007 financial crisis was mainly to secure continued confidence from stakeholders in the integrity of IFRS. As the findings revealed, there were no guarantees that IFRS 10 and IFRS 12 would be applied in every instance as intended by the IASB (van Zijl & Maroun, 2017). The disciplinary gaze in this regard, was not as precise as in the context of management accounting (Edwards, 2018; Hopper & Macintosh, 1993; Miller & O'Leary, 1987). The release of the two accounting standards however was to secure the legitimacy of IFRS (van Zijl & Maroun, 2017). Garland (1986) in fact pointed out that the disciplinary gaze is also dependent on other factors, for instance, the type of dominance that is exerted, objectives for the gaze, and the techniques or apparatuses that are used.

Extending the focus of disciplinary control, Bigoni et al. (2020) explored the role of accounting in the context of prison reform. The prisons (five prisons in Italy) used rehabilitative reforms to reconstruct deviant individuals to become obedient citizens consistent with the values of the economic and political leaders of society. In their findings, the use of financial and non-financial information provides a means to legitimate the prison to the bourgeois elite by confirming that the economic cost of the new disciplinary control would be minimised (Bigoni et al., 2020). Their study has demonstrated how accounting facilitates a means of social engineering as deviant behaviours have been reconstructed according to the dominant norms and beliefs of society (see also Tsoukas, 1997). It highlighted that accounting, as a disciplinary regime, can be a powerful mechanism to drive change within diverse public sector settings.

Foucault's concepts of power also illustrate the role of accounting in supporting the political and social legitimacy of public service institutions (Funnell et al., 2019). In their study of an Italian asylum hospital, systematic reporting about the operations of the mental asylums supports the legitimacy of such institutions. Financial reports provide evidence of how patients have been managed by medical professionals demonstrating "hospital as a machine for exercising power" (Foucault, 2006, p. 102). Accounting in this regard plays a major role in supporting the political and social justification of the asylum, which is crucial, especially for attracting donor support (Funnell et al., 2019).

The above review demonstrated how the work of Michael Foucault in his *The Birth of the Prison* has exerted a decisive influence on accounting research. Accounting is a disciplinary practice that enables individuals to become knowable and calculable, hence transforming individuals into docile bodies (Bigoni et al., 2020). As Mennicken and Miller (2012) pointed out, accounting numbers configure persons, domains, and actions as objective and comparable by linking decisions to the supposedly impersonal logic of quantification rather than subjective judgment. Accounting in this regard has the potential to produce certain forms of visibility which in turn renders individuals governable (see also Junne, 2018; Preston et al., 1997). Accordingly, Foucault's theory of power has shed light on how accounting has been mobilised as a disciplinary technology in diverse settings. The present study contributes to this discussion by unveiling how accounting as a calculative technique was instrumental in instituting change in a problematic government institution that had a culture of resistance to change. In particular, this study extends the application of Foucault's disciplinary power to explore the constitutive role of accounting in mediating between conflicting political groups in a socio-political setting.

4.6 The appropriateness of Foucault's power dimensions for this study

The study aims to explore the broader societal impacts of NPM-related accounting tools in the Solomon Islands. Taking on a broader perspective of this accounting phenomenon requires the use of critical theories that mobilise arguments relating to power, domination, inequalities, and societal change (van Helden et al., 2021). Given Solomon Islands' rich historical background (see Chapter 2) Foucault's critical theory of power has the potential to aid the study achieve this aim. Foucault, like many continental European thinkers, does not separate philosophy from history in the way that many English-speaking philosophers do (McHoul & Grace, 1993). Foucault's investigations are conceptual and his work, especially on power, points towards an emphasis on the ontology of the present. Foucault's philosophical question of "Who are we *today*?" (cited in McHoul & Grace, 1993, p. viii) appear to be an appropriate lens for contextualising this accounting phenomenon in the Solomon Islands.

The Solomon Islands is one of the island nations in the Pacific region that has a very rich historical background. Colonial subjugation from the labour plantations coupled with the experiences Solomon Islanders gained in countering British hegemony in the Pacific through the Ma'asina Ruru movement provide the Solomon Islands with an ideal setting for a critical historical inquiry. Drawing on Foucault's concepts of power discussed in this chapter thus provides a means for this study to provide an in-depth analysis to contribute to the gap in the literature as highlighted by Helden et al. (2021). In doing so, the study also contributes to the literature on the implications of accounting in the wider socio-cultural and historical discourses and practices (Burchell et al., 1985; Burrell, 1988; Chua, 1986a).

4.7 Chapter summary

In this chapter, I have introduced the theoretical framework that is used in this study. The chapter begins with a brief introduction of Foucault's work on *the birth of the prison*. Foucault's *birth of the prison* illuminates the concept of an institution that comprised social relations for instance, 'prison officer' and 'prisoner'. It provided a historical narration of punishment as a structural analysis of power that Foucault called "discipline" (Garland, 1986). The vivid illustration of the Panopticon elucidated how discipline and punishment function in modern society (Sargiacomo, 2009). The chapter highlights knowledge as a crucial component of Foucault's power regime, denoting how individuals have been historically and socially constructed. This brings the discussion to the next form of power which is technologies of the self. The power of the self is attributed to the concept of subjectification where individuals lose themselves in regimes of power leading to the creation of new selves or identities. The new identity as one is free from domination installs a form of truth that is associated to one's self. Foucault's extended version of governmentality was discussed to demonstrate the modalities of governing. This third form of power is exercised through discursive knowledge which in the contemporary form denotes expertise knowledge. Expertise is a significant element of discursive practices which according to Foucault is a form of contemporary power that is used to govern the population to achieve social and political ends (Lemke, 2001). The importance of these concepts of power is evidenced in recent calls to situate accounting research within the wider social and political context of organisational practices (Broadbent & Guthrie, 2008; Hopwood, 1983). Prior literature has deployed not only at the micro level but has extended to the large population Foucault's concepts of power to examine accounting as a form of power/knowledge in a wider social context (Burchell et al., 1991; Mennicken & Miller, 2012; Miller & O'Leary, 1987).

CHAPTER 5: RESEARCH DESIGN

5.1 Introduction

This chapter discusses the research design of this research study. The study draws on the interpretive methodology that integrates with a critical theory (Chua, 1986b; Power & Laughlin, 1992) to explore the adoption of two NPM-inspired accounting reforms and a participatory accounting system in the Solomon Islands. Foucault's concepts of power/knowledge aid the critical dimension of the interpretive methodology employed by this research. In particular, Foucault's concepts of power in discipline, technologies of the self, and governmentality have been used interchangeably to draw an understanding of the power structures that are embedded in the Solomon Islands setting and the role of accounting in facilitating change. Foucault's critical lens was used to aid this study in its response to the call to explore the wider societal impact of NPM-inspired accounting tools (van Helden et al., 2021). These recent calls prompted the study to approach this accounting phenomenon through a critical approach. A critical approach enabled the study to disseminate an in-depth understanding of the power structures and societal change processes that very often are influential in conceptualising how Western accounting concepts are perceived and practiced in Indigenous settings.

To achieve this objective, qualitative techniques employed included interviews, focus group discussions, and document analysis. The study also draws on the history of the Solomon Islands through a series of interviews supported with archival secondary data. A discussion of the methodology and methods used in this study are presented in the following subsections of this chapter.

5.2 Research paradigm

A research paradigm is an alternative way of looking at the social world (Szymanski, 1975). It is a set of basic beliefs and assumptions that guide the researcher in reaching a view of the world (Denzin & Lincoln, 2005; Guba & Lincoln, 1994). The concept of paradigm was made popular by Kuhn (1962) despite attracting a lot of commentaries regarding Kuhn's confusing interpretations (Morgan, 1979). According to Masterman (1970), Kuhn conceptualises the paradigm concept in three broad ways: (1) as a complete view of reality; (2) as concerning the social organisation of science concerning the school of thought of scientific achievements and

(3) using particular forms of tools and texts in the process of scientific problem solving (cited in Morgan, 1980).

Despite Kuhn's adaptation of a scientific paradigm with a focus more on natural science, the introduction of the notion of the inherent values of each paradigm is one of the most important innovations of his schema (Szymanski, 1975). For instance, independent of social relations, natural science does not involve values that are embedded in social science. In contrast, Szymanski (1975) noted that social science research cannot be independent from the nature of social relations which itself is a subject matter of social relations. Moreover, three fundamental questions guide a researcher in terms of his or her worldview. These questions according to Denzin and Lincoln (2005) are: (1) the ontological question which asks what the nature of reality is?; (2) the epistemological question which asks about the relationship between the inquirer and the known (3) the methodological question which seeks to know the world, or gain knowledge of it.

This study draws on the work of sociologists like Burrell & Morgan (1979) who views paradigm as a social reality. Based on a set of assumptions, Burrell & Morgan (1979) established two approaches to the study of social theory: the nature of social science and the nature of society. According to Chua (1986a), the first includes assumptions about the ontology of the social world (realism v. nominalism), epistemology (positivism v. anti-positivism), human nature (determinism v. voluntarism), and methodology (nomothetic v. ideographic). For the second dimension, Chua (1986a) explains it is concerned with how the classifications of societal assumptions can either be orderly or subject to fundamental conflict. Burrell & Morgan (1979) pointed out that this was termed sociology of regulation*,* and it refers to theorists who are primarily concerned with giving explanations of society in terms of unity and cohesiveness. The assumption is also related to man's emancipation from structures that limit his potential for development. Burrell and Morgan's social science and societal assumptions thus establish four paradigms namely: functionalist, interpretive, radical humanist, and radical structuralist (Chua, 1986a).

The nature of reality is the ontological assumption. On the one hand, Hopper and Powell (1985) put forward that the social world and its structures can be depicted as having an empirical, concrete existence external to, independent of, and before the cognition of any individual. On the other extreme, Hopper and Powell (1985) explain that reality is regarded as existing only as a product of individual consciousness. The external social world in this regard comprises concepts established by people to help them understand reality. Epistemological considerations address the question of what counts as truth or as the *theory of knowledge* (Carter & Little, 2007, p. 1317). Epistemology denotes assumptions about perceptions on understandings or the nature of knowledge such as what counts as knowledge and how it is obtained and transmitted.

The fourth assumption (methodology) concerns the applicable method of collecting and making sense of data. Hopper and Powell (1985) points out that these assumptions (ontology, epistemology, human nature, and knowledge) have direct methodological implications. However, although paradigms share common features concerning the nature of social science and society, they perceive the world differently. The meta-theoretical assumptions regarding ontology, epistemology, and methodology are different for each paradigm (Chua, 1986a; Hopper & Powell, 1985).

Chua (1986a) further pointed out that Burrell and Morgan's assumptions also have their problems. For instance, the use of the assumptions in terms of mutually exclusive dichotomies (determinism v. voluntarism). Willmott (1990) similarly criticised Burrell and Morgan's assumptions for being too simplistic. Following these criticisms, a new classification was established by Chua (1986a) who argues that accounting assumptions are rather differentiated based on assumptions about knowledge (epistemology), the empirical phenomena under study (ontology), and the relationship between theory and the practical world of human affairs (methodology).

5.3 The interpretive worldview

This study seeks to understand everyday human interactions with their contextual environment (culture, history, politics, and socio-economic factors). The interpretive paradigm is best suited to achieve this aim. Derived from Germanic philosophical interests, the interpretive paradigm emphasises the role of language, interpretation, and understanding in social science (Chua, 1986a). According to Morgan (1980), it is based on the view that the social world has a very precarious ontological status. Social reality does not exist in a concrete sense but is the outcome of the subjective and inter-subjective experiences of individuals. As Chua (1986a) posited, everyday life actions do not take place in a vacuum of private, subjective meanings. Rather, human beings are constantly interacting and sharing ongoing life experiences where meanings and norms become real through social interaction (Chua, 1986a). Social reality therefore is conceptualised through meaningful interaction of human experience.

Interpretivism, in this paradigm, shares an inductive approach in seeking to understand the social world through understanding and interpretations of everyday social settings of their participants (Ahrens & Mollona, 2007). As Chua (1986a) highlighted, meaningful interpretations of human experience can be established through those who have thoroughly immersed themselves in the phenomenon studied. In this sense, researchers within the interpretive paradigm must participate intimately in the lifeworld of the researched to understand how meanings can be generated in the language and actions of social actors (Schwandt, 1998).

The application of the interpretive methodology is in line with the research objective of this study. Western accounting practices such as the cash IPSAS, and performance-based and participatory budgeting systems have been interwoven with contextual factors which exist in the Solomon Islands public sector. Accordingly, an interpretive research approach will enable the study to gain a deep understanding of how these accounting practices have been embedded in the local contextual public setting in the Solomon Islands and their diverse meanings through the everyday life experiences of public sector personnel and relevant stakeholders (Chua, 1986a; Hopper & Powell, 1985; Hopwood, 1987). Chua (1986b) highlighted that researchers must therefore participate intimately in the lifeworld of the researched to gain in-depth insights into the subjects studied. In this regard, the researcher undertaking interpretative qualitative research cannot separate what people say from their context (Creswell, 2007).

Despite the merits associated with the interpretive methodology, it also has its limitations. According to Chua (1986a), one of the weaknesses of the interpretive methodology is that its perspective lacks an evaluative dimension. This is based on Habermas's (1978) argument that the interpretivist is unable to evaluate critically the observed experiences and forms of life (cited in McCarthy, 1978). Consequently, false consciousness and domination that prevent the actors from their true interests cannot be evaluated and analysed. Similarly put, the interpretivist's observation is limited by the meanings the actors attribute to their action or their experiences of social reality. As Chua (1986a) argues, the interpretive researcher begins with an assumption of social order and of conflict which is limited by common interpretive schemes. This methodological weakness, Chua (1986b) pointed out is due, in part, to the interpretivist's adoption of the actor's point of view. Researchers are likely to remain unconscious of their own dependence as a means to attributing meanings to the action, given their adoption of the actor's definition. Given these limitations, the interpretive methodology was criticised. It lacks the potentially infinite range of contextual variation as it does not consider the wider society and focuses only on a specific situation.

In accounting, the interpretive perspective provides a means of understanding the phenomena with reference to their social context (Burchell et al., 1985; Hopwood, 1983). In particular, accounting systems are viewed as types of organisational language (Roberts & Scapens, 1985). As Laughlin (1987) asserts, that accounting consists of language systems and human artifacts which model certain aspects of organisational life whose terms and sentences find meanings in the historical, organisational, and social or societal context in which they are operated. Laughlin (1987) therefore argues that meanings need to be discovered and defined by human actors so that distinctly human attributes, namely language can be achieved. Equally important also is the possibility that these meanings may extend beyond the current organisational context. Hopwood (1983) highlights how meanings transcend the organisation. For instance, the transcendence of organisations can occur as a result of history or transcendence in relation to the social or societal context. Accordingly, to understand the technical aspects of accounting systems design, Laughlin (1987) argues that the complex historical, organisational and societal meanings which explain these configurations require an in depth involvement of theory and theoreticians in practice. This implies going beyond the interpretive perspective given the limitations of the interpretive methodology mentioned above. The critical theory thus becomes a more appropriate approach for this purpose (Chua, 1986a; Hopwood, 1983; Laughlin, 1987).

5.3.1 The critical perspective

The critical theory perspective is concerned with the historical analysis of how societies and organisations come to exist (Laughlin, 1987). These ideas date to the earlier works of Plato, Habermas, Hegel, and Marx. The belief commonly shared is that the existence of a state constitutes historical potentialities that are unfulfilled whether the state is an individual or a society (Chua, 1986a). This potentiality implies that everything is because of what it is and what it is not. As Held (1980, p. 234) puts it "*human beings are not restricted to exist in a particular state, their being and their material environment are not exhausted by their immediate circumstances*". Rather, human beings are universal and free beings and hence can recognise, grasp and extend the possibilities contained in every being (Chua, 1986a). The critical perspective in this regard enables researchers to make sense of phenomena by questioning and changing the status quo.

For critical theorists, the primary concern is that the social theory is grounded in the history of the way societies and institutions emerge and are understood (Laughlin, 1987). Laughlin (1987) asserts that interpretation is never for its own sake. Rather, a true, free, and just life can be assured through interpretations that allow some desired transformation of societies and their institutions. Therefore, it is an important part of understanding. A common view is that the present is not what it is thus it prompted the researcher to go further to better understand reality. Critical theory provides a more potential lens to assist researchers in arriving at the truth. Furthermore, given the belief that truth is grounded in social and historical practices, Chua (1986a) highlighted that there are no theory-independent factors that can conclusively prove or disprove a theory. For critical philosophers for instance, Foucault, uses a transcendent criterion for the establishment of truth. As Foucault (1977, p. 131) writes, '*truth is a thing of this world. It is produced only by virtue of multiple forms of constraint. And it induces regular effects of power* ".

Habermas (1976) on the other hand, seeks to establish truth through a quasi-transcendental process for rational theory choice that simultaneously recognises the historically-grounded nature of all norms and yet seeks to transcend it (Chua, 1986a). Given this diversity, Chua (1986a) posits that a common theme for evaluation of theories within the critical perspective is not feasible. In fact, this becomes a problem for researchers intending to use the critical perspective. Chua (1986a) cautioned that for accounting researchers, it poses a challenge for accounting to adopt a radically different value position that may not be easily accepted, especially by mainstream accountants. Similarly, there is also intra-disciplinary criticism and debate given the diverse philosophical standards for the evaluation of the theories such that proponents of the critical theories tend to criticise each other. Despite these differences, critical theory remains a powerful approach in studies seeking to understand accounting systems in an historical and societal context to identify often hidden meanings that reside in these contexts and which the interpretive approach has limitations in uncovering (Laughlin, 1987).

5.3.2 An integrative approach

The study is concerned with interpreting accounting whose existence has been embedded in the wider social contextual public sector setting in the Solomon Islands. The aim is to develop an understanding of the accounting phenomenon by seeking the everyday interpretations of actors within their socio-cultural, political, and historical settings. The findings from this study pointed towards dominant power structures and relationships embedded in the local kastoms and the bigman system. This prompts the study to approach the accounting phenomenon through an integrated interpretive methodology that incorporates elements of a critical theory (Chua, 1986a; Laughlin, 1987). Michael Foucault's theories of power/knowledge in discipline, governmentality, and technologies of the self were used together with the interpretive methodology.

Chua (1986a, p. 601) distinguished between mainstream, interpretive, and critical research in accounting by highlighting that because mainstream accounting emphasises hypothetical-deductivist and technical control, *it possesses certain strengths but has restricted the range of problems studied and the use of research methods*. It restricts potentially rich research insights that can be obtained using alternative assumptions such as the interpretive and the critical paradigms. As mentioned in the earlier discussions, interpretive research aims to understand the implication of accounting systems in organisational activity *through an understanding of the context of the accounting systems, and the process whereby the phenomena influence and are influenced by its context* (Walsham, 1993, pp. 4-5). The belief is that accounting systems are designed and used by people. Therefore, there can be multiple meanings concerning how accounting systems operate. Central to this view is the complex social context where the accounting system is operated or implemented. The accounting system in this regard is a human artifact that creates or reinforces meaning through social interaction with participants involved with the technical elements of the phenomena (Doolin, 1998).

Incorporating the historical and wider social contexts of organisations where accounting systems operate requires the interpretivist to extend the interpretation to these broader considerations. Hull (1997) asserts that to be critical means to question and reconstruct the taken-for-granted assumptions inherent in the status quo. This will show how the accounting phenomenon is connected to it by recourse to a wider societal, historical, economic, and ideological context. As Chua (1986a) pointed out, the critical approach views accounting as a discourse that is constituted by the context rather than a technically rational service activity that is divorced from its wider societal relationships. In doing so, it enables the researcher to question the power structures that uphold the status quo, and to allow researchers to critically reflect while utilising an appropriate theoretical apparatus (Doolin, 1998). In philosophy and sociology, Chua (1986a) provides critical apparatuses that include the works of Poulantzas, Lukacs, Habermas, and Foucault. Despite their different philosophical views, they provide useful lenses in critical research.

This study uses Foucault's theories of power in discipline, governmentality, and technologies of the self, to provide the critical dimension to the interpretive elements employed by this research. With a focus on discourse in the theory of knowledge/power (Foucault, 1980), particular methods for data collection, interpretation and analysis have been established. Research methods are discussed in the subsection below. This study also clarifies that the use of Foucault's critical perspective only unveils an understanding of the truth about power and the power of truth that made up the context of the accounting phenomenon being studied. Accordingly, this study draws on an epistemological view based on Foucault's genealogical approach of *problematisation* to develop an understanding of the history of power relations that made up the social reality of this study. Although the study does not undertake a historical genealogy, in principle it is the interpretation of historical documents that follows Foucault's problematisation (refer to the subsection on research methods below).

For Foucault, truth can be established through a genealogy which he demonstrates in his work on *Archaeology and Knowledge* (Foucault, 1970). According to Koopman (2013) Foucault's most appealing image of genealogy is his work on *The Will to Know*. Koopman (2013) further elaborated that genealogy articulates problems found below our lives' surface. These problems are deeply rooted in the historical conditions of the possibility of the present way of life and doing things. In philosophy, genealogy is concerned with depth problems or *problematisation*. Therefore, Foucault's genealogy concerns elements of critique in the form of the *historical problematisation* of the present (Koopman, 2013). Foucault demonstrates this in his notion of truth using various works such as *The History of Sexuality* (Foucault, 1990) and *The Order of Things* (Foucault, 2005b).

Furthermore, Foucault argues that despite the fundamental significance of archives and historical documents that provide the truth about the past as advocated by philosophers like Paul Ricoeur, historical documents do not present the truth (Gamez, 2013). Rather, they exist because of the effects of power. As Foucault stated:

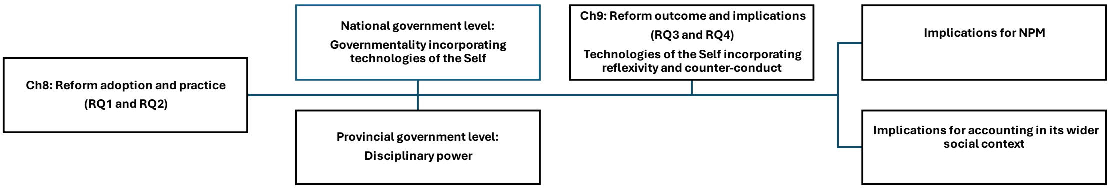
> The document is not the fortunate tool of a history that is fundamentally and primarily *memory*: History is one way in which society recognises and develops a mass of documentation with which it is inextricably linked (cited in Ricoeur, 2014, p. 217).

Foucault's argument is consistent with that of Habermas which highlights the significance of critique in establishing the truth about knowledge. Critique for Foucault is an inquiry that provokes us to transform ourselves into being otherwise (Koopman, 2013). Accordingly, Gamez (2013) pointed out that for Foucault, critical vigilance must be maintained and exercised to arrive at the truth. As Foucault (1980, p.131-3) stated, *each society has its regime of truth, its general politics of truth: that is, the types of discourse which it accepts and makes function as true.*

Foucault's philosophical question of "Who are we *today*?" (McHoul & Grace, 1993, p. viii) thus provides the epistemological lens for understanding how the accounting phenomenon was socially constructed in the Solomon Islands. As discussed in the findings chapters of this study, elements of power relations that constitute the most dominating factor influencing the accounting phenomenon can be traced to the colonial history of the Solomon Islands. The colonial and historical documents, however, must be interrogated with some form of critique in order to establish the truth. As Foucault (1982) highlights, it is vital to establish the historical conditions that motivate conceptualisation of the truth. Therefore, by problematising the colonial history of the Solomon Islands, the study thus addresses the question of *who we are today.* In doing so, it addresses the four research questions of this study:
RQ1: How have the NPM reforms been adopted and implemented in the Solomon Islands?
RQ2: Why did the reforms get adopted and implemented in the manner in RQ1?
RQ3: What are the outcomes of the reforms?
RQ4: What are the implications of the way the reforms have been adopted?

Fig. 5.1 below presents the study's theoretical framing. It outlined Foucault's concepts that have been used in addressing the four research questions.

Figure 5.1: Theoretical framing.



Source: (author)

5.4 Research methods

There are many approaches to research, and as Scott (1965) puts it, the nature of the phenomena being explored and the researcher's own philosophical beliefs determine the appropriate research design. The aim and nature of this study entail human interactions with the contextual environment in public sector organisations in the Solomon Islands. Accordingly, the study proposed a qualitative inquiry consistent with the methodology adopted. Cassell et al. (2006) posit that studies that seek to understand the role of accounting in its specific historical, social, and organisational context are well suited for qualitative research methods (See also Hopwood, 1983; Llewellyn, 1993). As a form of inquiry, *qualitative research seeks to make sense of actions and narratives, and how they intersect* (Glesne, 2016, p. 1). Given this choice of research methodology, qualitative data collection techniques employed included semi-structured interviews, focus group discussions (FGDs), and documentary analysis.

5.4.1 Selecting the participants

Purposeful sampling was used to select participants for the interviews. It is important to select a sample from which the most can be learned since this inquiry seeks to understand the meaning of this accounting phenomenon from the perspective of the participants (Merriam, 2002). As highlighted by Lincoln and Guba (1985) purposeful sampling aims to provide the many specifics that give the context its unique flavour rather than focusing on the similarities that can be developed into generalisations. This is in line with the aim of the proposed study which is to produce a thick and in-depth description of the phenomenon rather than a statistical generalisation objective (Parker & Northcott, 2016). Consistent with this, the snowball technique was used to aid the study in identifying potential participants who were not initially considered. The aim was to lead the study into generating new insights.

Similarly, the theoretical sampling technique was also used in conjunction with the snowball technique. Strauss and Corbin (1998) state that theoretical sampling aims to maximise opportunities that compare events, incidents, or happenings to determine how a category varies in terms of its properties and dimensions. For this study, theoretical sampling aids the study by selecting participants based on the four main research questions posed by the study. This follows with the theoretical position of the study given that each of the four research questions has been pre-determined theoretically. At the national level, the participants comprise permanent secretaries (PS), financial controllers (FCs) including the auditors. The FCs in particular, have a mandatory role in providing financial advice to their PSs as the PSs are technical personnel with little background in accounting and finance. The study also considered key officials in the Ministry of Finance and the Office of the Auditor General. Similarly, auditors (Audit Directors) at the ministerial level also played key oversight roles, including the legislature which provides the overall oversight role for the Executive. Donor partners also play key advisory roles, especially in the design of the reforms in the Public Finance and Management Act 2013. These key positions are integral as they are front-line actors in implementing the two reforms both at the national and provincial levels.

This study also recognises the need to include personnel with non-financial backgrounds. These are the prorgam heads who are technical personnel and are at the fore of executing the PBB. At the provincial level, four provincial governments were visited (Malaita, Western, Isabel, and Guadalcanal). The selection of these PGs was based on recommendations from the MPGIS and the Auditor General's annual reports. The provincial participants included the provincial assembly members (MPAs) and the members of the Executive, PAC members, and the Provincial Secretaries (PSs). The provincial capacity advisors (PCDAs) and the provincial seconded staff are the key actors in the cash IPSAS, hence their participation was important. Equally important also were those at the fore for the participatory budgeting which includes the program heads at the provincial offices and especially the provincial planning department who are at the fore of the PB. Ward development communities (WDC) members and the rural people at the provincial centres were also considered including provincially based non-government organisations (NGOs).

5.4.2 Interviews

While interviews present a unique means to explore the points of view of others in relation to understanding their social world, the manner in which interviews are conducted is also important (Miller & Glassner, 1997). The aim was not only to gain responses to a guided set of questions but equally crucial was the ability of the researcher to allow the interviewees to offer their interpretations of reality (Tierney, 1991). A series of in-depth interviews were conducted with the participants. In-depth interviews provide a means for the researcher to probe further by asking for examples and more explanations to gain a deeper understanding of the topic. The interviews were conducted in the local pidgin and lasted between one to two hours. Given the informal nature of the interviews, some lasted more than two hours. This was vital as it allowed the interviewee to open up new insights which led the researcher to probe for more additional information. Further, the informal nature of the interviews was appropriate given the technicalities of the reforms for a setting with low institutional capacities such as the Solomon Islands public sector (Hauriasi & Davey, 2009). This was more relevant for the provincial centres, where the majority of the provincial seconded staff were high school leavers. For this reason, the study recognises the need for interviews to be conducted informally to allow participants to feel comfortable and confident in sharing their life stories and experiences.

Consistent with the above, semi-structured interviews with open-ended questions were also used as they offered more flexibility (Noor, 2008). As Walizer and Wienir (1978) also highlighted, that a semi-structured interview offers more opportunities for the interviewer to access realities beyond the context of the interview. In the case of this study, the interview questions were framed to address the four main research questions (RQ1 - RQ4). Therefore, open-ended questions were vital as they allowed the interviewees to share their thoughts and views about the subject when asked. For instance, at the end of each subset of questions, the question "*What do you think is the way forward?*" was asked. This question aimed to gain new insights as interviewees shared their personal views about the subject. Furthermore, as some of the participants of this study are those classified as designatories (political appointees and politicians) there were also power imbalances, and open-ended questions enabled the study to identify insights into power dimensions. The study is also cautious that these power-related data do not override data from less powerful participants.

5.4.3 Focus group discussion

A Focus group was also utilised to aid the individual interviews. As pointed out by Hennink (2013), focus groups are socially constructed, and the aim is to allow new information to emerge through interactive discussions. Hennink (2013) further stated that because researchers often wanted to explore alternative interviewing techniques that would overcome the limitations of traditional one-on-one interviews, it prompted the use of focus group discussions. Given the political climate of the Solomon Islands Government, the subject being researched might be sensitive to some participants who played key front-line roles. For this reason, the study conducted one focus group discussion with five staff at the Ministry of Finance. The participants were identified through the snowball technique with staff who held key positions concerning the subject under examination. The personnel were identified based on their positions and years of experience. The researcher approached one of the senior personnel who identified the others.

The Ministry of Finance is the key implementing agent for the reforms. The use of focus group discussion was intended to gain insights, particularly on the complex nature of the implementing ministry. For instance, to gain information that relates to the how and why of research questions. Hennink (2013) highlighted that focus group discussions are an effective tool for explanatory research that aims to explain why certain behaviours or phenomena exist. For this study, one of the four main research questions was designed to explain why the reforms were adopted and practiced in such a manner. Since the Ministry of Finance is the key implementing agent for the reforms, a focus group discussion was useful in addressing this.

The FGD was conducted within a timeframe of two hours. The discussion was guided by a set of questions that were asked, and the participants contributed together in addressing the questions. Like the individual interviews, the questions were semi-structured and open-ended to allow the participants to share their views and experiences. Furthermore, information gained from the focus group discussion was used to complement information gained at the ministerial level. For instance, the political climate of the Solomon Islands Government (SIG) limited the participation of some key participants, especially at the Ministry of Finance (e.g., Auditor General and Accountant General at the time the study was conducted). The joint discussions created a social environment for the participants to contribute more effectively. The open-ended nature of the questions enabled participants to share detailed insights and experiences that complemented information gained through individual interviews. As Creswell (2007) asserts, where individuals interviewed in one-on-one cases may be hesitant to provide information, the use of focus groups is considered appropriate for such circumstances.

5.4.4 Documents analysis

The study also reviewed documents and records such as government financial reports, audit reports, government official documents, media statements, email correspondence and other related documents. According to Merriam and Tisdell (2016) document analysis helps to furnish descriptive information, and verify and add new data to the data obtained through interviews. The audit reports from the Office of the Auditor General played significant roles in verifying information gained through the interviews. An examination of information collected through different methods, according to Bowen (2009) enables the researcher to corroborate findings across data sets and thus reduce the impacts of potential biases that can exist in a single study. Furthermore, Irvine and Gaffikin (2006) also emphasised that documentation could reveal important factors such as the context in which organisational behaviour had occurred. Ministerial documents collected from the SIG websites such as policies, annual work plans, medium-term development plans, and media updates provided relevant organisational information concerning the reforms. It helps to facilitate an understanding of the organisational context of the phenomenon studied.

The study also considered Foucault's concept of genealogy in *problematisations of our present.* Therefore, document analysis also included historical and archival data about Solomon Islands' history. The study addressed current problems faced especially in governance which led to difficulty in addressing change in the Solomon Islands. The past experiences of the researcher as a public officer in the Solomon Islands helped the study in the articulation of some of the key problems the government faced concerning reforms of such a nature. For instance, the researcher's previous engagement with a UNDP project with the Electoral Office in 2012 – 2015 provides an ideal *problem* situation. One of the key objectives of the project was to introduce a Political Party Integrity Bill which was successfully enacted in 2014. However, the Bill has been circumvented for political agendas in a similar way as the PFM Act 2013.

In fact, most of the laws of the Solomon Islands have been circumvented in the same way which creates a problem. This situation prompted the researcher to *problematise the present* using Foucault's principles of genealogy. The document analysis therefore included a historical analysis of the Solomon Islands history. Written historical documents were analysed as a means of interrogating the existing power structures. Informal chats were conducted with key identified participants both in Honiara and at the provincial level. The informal chats were intended to verify the researcher's attempt in the problematising of the historical documents. Foucault's critical lens helped the study to explain the process through which what is accepted as true and how it transitions.

Document analysis in this regard aided the study in theory building through a comparative analysis of the information gained through interviews and documents (Glaser et al., 1968).

5.5 Analysis of the data

The study used thematic analysis to guide the analysis of the study's data. Thematic analysis according to Braun and Clarke (2006) is an approach that organises and describes data sets in rich detail by identifying, analysing, and reporting patterns (themes) within the data. Thematic analysis is a common data analysis strategy used to identify themes in transcribed interviews and hence is compatible with research methodologies that seek to derive meaning embodied in human experiences in texts (see also Van Manen, 2016). Consistent with this view, the analysis of the data for this study was carried out in four main stages.

In the first stage, the analysis occurred during the interview sessions. As discussed above, most of the interviews were conducted in an informal chat. The informal nature was intended to build relationships. The questions asked were sensitive and in order for the interviewees to speak openly the establishment of trust was vital. For instance, at the start of every interview, the researcher spent approximately five minutes talking about her past work experiences with the Solomon Islands government and what inspired her to pursue PhD study on the subject. By starting the interviews in this manner, the researcher sought to build trust relationships with the interviewees which was vital for opening up sensitive areas about the topic. The researcher found it useful as it enabled the interviewees to speak openly about their experiences and share their opinions about the subject.

Stage two of the analysis is the transcription and note-taking stage. At the conclusion of each interview, the researcher transcribed the data into a word document. The digital recordings were transferred to the laptop of the researcher for this purpose. Since the interviews were conducted in the local pidgin, the process included translating from pidgin into English. Given the nature of the pidgin dialect which is a broken-version of English, the traslation process was easier and straight forward. For instance, most of the pidgin words are English so the researcher was not faced with the difficulty of ensuring the original meanings were maintained. Notes were also taken, especially for expressions that were made as a joke but could mean something in depth. This is common for Solomon Islanders as often jokes are framed in a way to express the truth. The researcher being an indigenous Solomon Islander is familiar with this and hence took notes of all expressions that were framed as jokes.

Stage three is the analysis of the transcriptions and notes to identify themes according to the thematic method mentioned above. A table was created in Excel that had five broad columns as follows: categories, themes, codes (RQs), exemplar quotes, and notes. The first column (categories) provided for the different categories of themes that were identified in the scripts. For example, a theme could be categorised under *revenue* or *assets* categories. The codes were framed based on the four research questions (four RQs). Themes were identified and highlighted in different colours according to the RQs. The notes column is where the researcher reflected and wrote a brief summary for each theme. The notes aided the analysis in identifying and classifying the themes into sub-themes that became the broad themes for incorporating with the theoretical lens in the next stage.

Stage four was the interpretation stage of the data. The broad themes identified in the previous stage were analysed to provide a glimpse of the whole data. Based on this analysis a new worksheet was created to provide a summary of the broad themes for each category. For instance, there is a summary for the revenue category based on the different themes that were identified for the revenue category. The summary of the categories thus provided the basis for theoretical development. For instance, the summaries showed the presence of power centralism in almost all the different categories that were established. This pointed towards a theory that captures the power centralism regime which is an element of the bigman system in the Solomons. Similarly put, it prompted the study to identify a theory that provides an in depth understanding of power that denotes the bigman system.

Braun and Clarke (2006) offered two approaches to thematic analysis, namely: (1) inductive thematic analysis; and (2) theoretical thematic analysis. With the inductive approach, the themes identified are not driven by the researcher's analytic preconceptions so are not driven by the researcher's theoretical interest in the area or topic. In contrast, the latter is more explicitly analysis-driven and is driven by the researcher's theoretical or analytical interest in the area. For this study, the former is used where the researcher does not influence the data with a pre-determined theory. This approach helps to keep the researcher on track in the pre-determined theoretical understanding (Ho et al., 2017). The new worksheet thus provides for the development of themes to align with the theory. This stage incorporates themes from the literature and theory to provide a basis for the interpretation of the themes. For instance, having identified Foucault's theory of power based on a review of the literature, the themes have been analysed using the different dimensions of Foucault's theory: disciplinary power, technologies of the self, and governmentality. This provides an overall picture of how the themes have been theoretically established in this phase of data analysis.

The final stage (stage five) utilised Foucault's concept of problematisation. The theoretical themes identified above have been problematised with the aid of archival or historical data. The researcher being an indigenous Solomon Islander and having spent almost her entire life in the Solomons, was an advantage for this process. The researcher problematised the power regime based on her past work experiences with the government. Using Foucault's principles of genealogy, the researcher was able to question and interrogate the themes to present an understanding of the existing power regime which has been the status quo with leadership of the Solomon Islands. Foucault's principles of genealogy aid the study in establishing the truth concerning the power centralism regime that exists through the bigman system. It draws an in-depth understanding of the power structures that have been influential in providing the lens that conceptualises how Western accounting is interpreted and practiced in the Solomon Islands. The theoretical summaries from this stage thus offered the discussion of findings in chapters 8 and 9 of this thesis.

5.6 Note on reflexivity

While an integrated interpretivist approach that mobilises elements of critical theory makes it particularly appropriate to answer the research questions held by the study, this approach also poses issues of validity relating to reflexivity. The issue of validity concerning reflexivity in qualitative research as described by McCabe and Holmes (2009) entails bias due to researchers' attempts to critically reflect on the subject. Reflexivity cautious researchers to be aware of their role in the conduct of research to avoid influencing the research process and outcomes. Ide and Beddoe (2024) posited that previous studies utilising critical theories aimed at promoting emancipation have not adequately dealt with issues surrounding reflexivity (see also Probst, 2015). Acknowledging these, for this study the researcher is cautious of her self-awareness in the conduct of the research process to ensure issues associated with validity are avoided.

This study uses Michel Foucault's critical theories of power that emphasise historical reflections to generate a discussion on emancipation. In particular, Foucault's reflexivity as a *technology of the self* and its relationship to emancipation has been used to delineate the researcher's theoretical stance in interpreting the socio-political context of the study. It thus poses the risk of validity especially in the process of critical reflection. However, the researcher is an Indigenous Solomon Islander therefore, this is an advantage. She was able to identify key events related to particular societal changes which aid the process of reflexivity. For instance, in conducting critical reflections the researcher was guided by Foucault's notions of problematisation. The researcher's previous experiences in the Solomon Islands public sector have been supportive of the process of reflexivity. The researcher had experienced how politicians circumvented specific laws to suit their political agendas. These provided substantive grounds for the researcher to reflect on in the process of problematisation.

Despite being an insider may often suggest an inherent bias (Merriam, 2002), Foucault's problematisation played a significant role in addressing validity issues. As an Indigenous researcher, it enabled me to reflect on the *problem* as a means to interrogate the interpretations that gave meaning to particular practices or knowledge that provided the status quo in the Solomon Islands. The perceptions that are drawn in the process of interrogation of the subject help to transform the analysed data into new knowledge. The use of multiple data (archival, documents, and interviews) further complemented the process of interrogation. As evidenced in this study, new meanings gained through the process of interrogation have been further triangulated with the archival data which added substantive evidence to support the newly reconstructed knowledge.

Despite it may sound significantly subjective, Kondrat (1999, p. 457) pointed out that "*subjectivity is treated here not as a source of error to be contained but rather as a way of knowing in its own right*". The study in this regard put forward that the interpretations offered are solely the researcher's as an Indigenous Solomon Islands accounting scholar. Therefore, it is by no means the only perception held concerning the subject as there can be alternative interpretations.

5.7 Chapter summary

This chapter has outlined the methodological underpinnings of this study. The study draws on the work of sociologists Burrell & Morgan (1979) to explore the adoption of NPM-inspired reforms in the Solomon Islands. Aligned with Burrell & Morgan's (1979) interpretive paradigm, the study also incorporates elements of critical theory (Chua, 1986a; Laughlin, 1987). Michel Foucault's theories of power/knowledge in discipline, governmentality, and technologies of the self have been applied interchangeably to demonstrate the role of accounting in the wider social setting of the Solomon Islands. An integrated approach incorporating Foucault's critical theory of power/knowledge is necessary as it provides a means to question and reconstruct the taken for granted status quo with which the accounting phenomenon studied is intertwined. Consequently, Foucault's genealogical approach to *problematisation* provides the epistemological lens for constructing the social reality of this study. In doing so, the study responds to calls in the recent reviews for accounting researchers to use a critical lens in public sector accounting research (PSAR) to understand better the role of accounting in its social context (Adhikari et al., 2021; Grossi et al., 2023; Kuruppu et al., 2021).

The methods include interviews, focus group discussions, and documents (including archival data). Semi-structured interviews with open-ended questions were used as they offer more flexibility (Noor, 2008). The interviews were also informally conducted to allow participants to share their experiences. This is vital for a setting with low institutional capacities given the complexity of the reforms. The focus group discussion was also relevant given the political climate of the Solomon Islands government. Some of the issues were sensitive and public officers feared sharing their experiences, especially the challenges they faced in their workplaces. Documents including government papers, budgets, audit reports, Hansards, media reports, and random media information on social media. Analysis of documents also considered historical and archival data. Foucault's principles in *problematising* provided a guide for the analysis and interpretation of the study's findings. Foucault's critical approach aided the study in interrogating power structures that formed the status quo in the Solomon Islands. This provided a means to reconstruct a new understanding of the accounting phenomenon in the Solomon Islands. Finally, the study also acknowledged issues surrounding validity associated with the use of reflexivity, in particular, Foucault's critical reflection.

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CHAPTER 6: GOVERNING THROUGH NEO-LIBERAL TECHNOLOGIES UNDER THE NEW PUBLIC MANAGEMENT

6.1 Introduction

The introduction of neo-liberal reforms under the New Public Management (NPM) sought to govern the Solomon Islands Government (SIG) programmes more effectively and efficiently. This chapter discusses two accounting reforms under the NPM that were used at the national level including the cash IPSAS and performance-based budgeting (PBB). The introduction of neoliberal reforms under the NPM was part of the government's post-conflict revitalisation programmes that were initiated by the RAMSI (Regional Assistance Mission to the Solomon Islands) in the period following the ethnic unrest in 1998-2000. This chapter analyses how these reforms have been adopted and implemented at the national government level. In doing so, the chapter addresses part of the *how* research question held by the study.

6.2 Rationale for reform

This section provides the rationales behind the reforms to explain the government's motive for reform adoption and the influences from donor partners.

6.2.1 Weaknesses associated with the Public Finance Audit Act 1978 (PFAA 1978)

The history of public sector accounting in the Solomon Islands can be traced to the BSIP era which is based on the Westminster model. The emphasis as pointed out by Hardman (1984) is on the financial accountability of the executive to the legislature and ultimately to the electorate. This is centrally administered by the Ministry of Finance and Treasury (MoFT). The PFAA 1978 provides regulations and procedures that guide the practice of public sector accounting which mainly provides for maintaining receipts and payments on a cash basis including budgeting and auditing (Hauriasi & Davey, 2009). Moreover, it combines both public finance and management as one component, and the audit as the second component. Most regulations for the first component are provided in Part 3, Part 4, and Part 5 of the Act. These regulations provide for the control and management of public finances, including deposits and provisions for public debt and loans. The latter regulations are provided in Part 6 and Part 7 of the Act. In Part 6, the powers held by the Auditor General in carrying out its functions have been outlined, consistent with the corresponding provisions in the National Constitution.

Given the regulations are based on traditional cash accounting principles, these are considered weak, especially in the areas of reporting and audit. As discussed in Chapter 3, one of the criticisms of the cash accounting system is its ability to provide full reporting of a public entity that would enable sound decision-making. Accordingly, the PFAA lacks effective measures to improve the accountability and transparency of government funds. Similarly, there is a lack of independence in the Office of the Auditor General in the PFAA 1978. In the Constitution, sections 107 and 108 provide for the powers held by the Auditor General (AG) and the mandatory roles and functions. These include support for actions arising from reports from the OAG, especially in the area of misconduct by public officers (Clark & Levy, 2012). Furthermore, the Constitution in s108 also provides for the independence of the Auditor General in performing its roles and functions. This however was not delineated in the PFAA 1978. Thus, it impacted the role of the OAG in effectively carrying out its duties. These mentioned problems prompted the need to reform the Act.

The weakness surrounding the PFAA has made it difficult to achieve the specific levels of expected compliance, especially fiscal discipline. As the former Minister of Finance stated during the tabling of the new Public Finance and Management Bill in Parliament: *The Bill seeks to strengthen the new Act…,* implying the inability of the PFAA to improve compliance which is vital for SIG's post-conflict programme. These weaknesses have led to a lack of trust by donor partners. Accordingly, the donor partners put greater emphasis on reforming the old Public Finance Act as one of the lending conditions during the post-conflict period.

6.2.2. Donor influences

The Minister of Finance, Honourable Rick Hou, who tabled and passed the PFMA in 2013 made these introductory remarks during the second reading of the PFM Bill, held on August 5, 2013 (Hansard, 2013, p. 1):

> This Government is committed to maintaining the stability of our economy and government finances. It is therefore determined to build on economic reform policies that will reduce the vulnerability of government finances and put the country in a stronger position to deliver better services to the people of the Solomon Islands. This commitment is undertaken with the support of key development partners that have helped in our stabilisation and reform efforts. In this respect, this Bill is the culmination of almost two years of work. The Bill seeks to strengthen the new Act with the following main policy intentions; first, to

encourage more fiscal discipline, the Bill prescribes prudent policies and rules to help maintain sustainable levels of government expenditure, revenue, and public debt….

At the onset, the statement implies that the need to reform the PFAA was influenced by key donor partners. As discussed in Chapter 2, the reform was part of RAMSI's restructuring program to revive the Solomon Islands' collapsed economy.

6.2.3 Need for a local Act

The above statement demonstrates the views held about the PFAA. The old act was a replica of former British colonies legislation, given it was passed in a *rushed* manner in preparation for independence in 1978 (see chapter two). This view was shared by a former senior official at the Ministry of Finance:

> In my view, the old act belongs to the Europeans. It is too rigid and does not suit the local government setting. That's why we often resort to bending the rules as it is the only way to make it work. It was inappropriate when we adopted it in 1978 as a lot of senior public officers at that time were from the UK (Participant S4).

As also stated by the former Minister of Finance in his opening speech:

> It is also intended that the new Act is written in such a way that is relatively easy to understand and administer. This will improve the delivery of services to the people of the Solomon Islands (Hansard, 2013, p. 1).

The above statements illustrate the need for the SIG to recognise the local setting when adopting foreign policies and international best practices. While SIG has been pressured by the donors to reform the old Act given the mentioned weaknesses, equally important is the need to localise the Act to suit the local setting. This finding pointed towards the notions of kastoms, as one of the underlying factors that influenced the decision to localise the Act.

Kastoms, as explained in chapter two, is a means of emancipation and empowerment (Gegeo, 1994b). It provides new mindsets of freedom as Solomon Islanders seek to restore their identities after decades of colonial struggle. In contemporary Solomon Islands societies, kastoms is practiced through the reframing of Western concepts or ideologies with Indigenous norms and values (Akin, 2013). Accordingly, the statement above by Participant S4 denotes a mindset that is rooted in the notions of kastoms. The underlying meaning behind the above statements is that the PFAA is a legacy of the colonial government (BSIP) and therefore SIG must establish one that suits the local setting.

6.3 Introduction of modernised accounting practices: cash basis IPSAS and performance-based budgeting

6.3.1 Cash IPSAS

The introduction of accrual accounting principles in s77(1) demonstrated that public sector accounting in the Solomon Islands has shifted away from the traditional cash basis accounting. However, similar to other developing countries (Adhikari et al., 2013; Rajib et al., 2019), the adoption of accrual basis accounting has been delayed. As such, the cash basis IPSAS was adopted as a means to transition into the accrual system in the near future. The political climate of SIG's main account makes it difficult to foresee a possible timeline for SIG to transition into the accrual system. It depends on the priorities of the ruling Executive as one of the MPs interviewed commented:

> Since independence, we have around 300 pieces of legislation we need to review. Unless the government sees accountability and transparency as priorities in order to review all these legislations including the Audit Bill. The government must have the political will to do this (Participant P4).

The adoption of cash IPSAS by the SIG is a preparatory step taken for the adoption of the full accrual basis IPSAS in the near future. The FI 2014 stipulated:

> Preparation and presentation of the annual accounts must be in accordance with the IPSAS accounting standard 'Financial Reporting Under the Cash Basis of Accounting' (Part 1) and the presentation of a Cash Flow Statement in accordance with IPSAS2 [*The implementation of part of this Ministerial Instruction relating to consolidation of all controlled entities is delayed until a date to be determined by the Minister of Finance in consultation with the PSF*] (*Interim Financial Instructions 2014*).

This instruction firstly authorises the SIG to prepare and present its annual accounts on a cash basis where transactions are recognised when cash is received and cash is paid. This must however comply with Part I of the cash IPSAS standards. There are two parts to the cash IPSAS standards: mandatory and non-mandatory. An entity is required to prepare financial statements in compliance with all of the mandatory standards of the cash IPSAS. For SIG, the above requires the preparation of end-of-the-year financial statements in compliance with the mandatory standards of the cash IPSAS. This includes also the disclosure of accounting policies with supporting notes and the presentation of budget information. The preparation of budget information also includes a statement of comparison between the budget and actual amounts which vary from the traditional line-by-line budget.

Second, the instruction requires SIG to prepare cash flow statements in compliance with cash IPSAS 2. The IPSAS 2 (non-mandatory part) requires a public entity to report cash flows during the period classified by operating, investing, and financing activities. Classification by activity as outlined by the IPSASB Manual provides necessary information that enables users to assess the impact of those activities on the financial position of the entity and the amount of its cash and cash equivalents. Furthermore, given the delayed implementation strategy undertaken, the national government has delayed the implementation of consolidation on the grounds that the end date for SIG's controlled entities is not consistent with that of the national account which ended on 31 December. As such, the application of standards relating to consolidation, in Part I of the cash IPSAS has been delayed until such a time as advised by the Minister of Finance.

Finally, Instruction 3.4 of the FIs also requires the preparation of annual accounts that include all of the reporting requirements under s38 of the PFAA 1978 (old act). Section 38 of the PFAA is based on the traditional cash accounting system which is not consistent in principle with Cash IPSAS standards. Despite this inconsistency, the FI requires compliance with s38 of the PFAA, together with cash IPSAS standards (Part I). This means SIG is still required to prepare and submit to the Auditor General all the annual accounts specified under s38 together with the requirements of Part I of the cash basis IPSAS. The inclusion of s38 is due in part to the lack of a new Audit Act that would complement the regulations contained in the PFMA. However, as we will discuss below, the cash IPSAS standards despite their nature (cash accounting principles), are the modernised version of cash accounting with disclosure requirements that reinforce sound decision making.

6.3.1.1 Cash payment and cashflow statement

Evidence from this study revealed how capital expenditure from the RCDF budget, which consumes the larger portion of SIG's development budget, has become a major compliance issue. Infrastructure related equipment such as excavators and passenger boats, motor vehicles, and properties worth millions of dollars that were purchased under the RCDF and other SFs as capital expenditures have not been recorded nor disclosed. In the 2017 Audit Report, there was no asset register kept by the Ministry of Rural Development or even the line ministries. In the absence of a policy to guide the RCDF, MPs have become the owners of the machines and equipment, including vehicles, land, and properties, that were purchased in the name of constituencies. The findings show that for the PS as the accountable officer to question the Minister of MRD or to suggest proper recording of the assets is a sensitive issue. Previous public officers who have tried to suggest the MRD should implement a fixed asset register (FAR) have faced repercussions. As shared by a former senior staff of the MRD:

> We get removed from our jobs if we try to suggest the establishment of FAR for the ministry (Participant S6).

The study suggests this is also the reason for integrating s38 of the old PFAA to avoid the disclosure requirements relating to fixed assets as stipulated by the cash IPSAS standard. Accordingly, the credibility of fixed assets disclosure for SIG's end-of-year financial reports is highly questionable.

Furthermore, the lack of reporting of the PAEs has also affected the accuracy and completeness of the cash payment statement in compliance with cash IPSAS standards. As indicated in the findings, payments for RCDF and SF are direct orders from the cabinet implying these payments have special exemptions from checks and balances established at the ministerial level and by the Ministry of Finance. This is also attributed to the lack of policies to guide the implementation of the RCDF. Accordingly, it distorts the requirements of the cash IPSAS standards that require disclosure of relevant policies to support PAE or RCDF payments. For instance, policies to support capital expenditure in recent years tended to consume a greater portion of the SIG development budget. Disclosure of budget information and assets and liabilities as encouraged in part 2 of the cash IPSAS standards has been problematic for SIG with the existence of PAEs.

Apart from the above, the preparation of cash flow statements was also stipulated in the FI 2014. The IPSAS 2 standard requires entities to report cash flows during the period classified by operating, investing, and financing activities. However, for SIG the lack of supporting documents obstructs compliance with this standard. The findings show the difficulty in classifying cash outflows for payments, for instance, RCDF grants. The cash component of the RCDF grants is regarded as a *basket of cash* for constituency members. There is no guiding policy and hence the grants are used for random items that cannot be measured or classified according to this standard. One of the current MPs shared his thoughts on this issue:

> For the cash grants component, we spend the money on random things requested by constituency people. A lot of money is spent but there's nothing to show (Participant P5).

The above demonstrated examples of compliance issues relating to the PAE which have adverse impacts on SIG's statement of cash flow consistent with the cash IPSAS standard. Together with the capital expenditure, this study suggests PAEs are perhaps a social reality that prevents the national government from progressing its efforts for reform development in terms of IPSAS. Evidence from this study pointed towards the suggestion that unless the PAEs are abolished, neither the cash IPSAS nor its accrual version may ever be compatible with the political setting at the national government level.

6.3.1.2 Revenue statement

There are two main issues identified in relation to the revenue statement in compliance with the cash IPSAS standards. The first is related to the lack of proper reporting of revenue loss which discredits the final revenue figure disclosed in SIG's end-of-the-year financial reports. Loss in this regard means either revenue due but not fully collected or loss as a result of tax exemptions. According to the Auditor General's report for 2017, the statement of revenue in arrears was found to be materially understated as significant amounts of revenue in arrears have not been fully accounted for and disclosed in the financial statements. In a similar vein, the report also provides discrepancies resulting from taxation and other license fees. This is related to the lack of supporting documents to substantiate the revenue figures that were reported. Accordingly, it was difficult for the AG to assert and verify the total revenue figure that was reported for the year 2017. Interestingly, in the 2017 Audit Report, it highlighted that these same findings had been identified in the 2015 Audit. Corrective actions put forward by the

Auditor General were not addressed (see Fig. 6.1). Accordingly, the same audit issues reemerged in the 2017 Audit with similar issues relating to payments.

Evidence from this study revealed that the above issues were associated with poor internal control at the Inland Revenue Department (IRD). This has led to staff taking advantage of the gaps in the system for their personal benefit. In fact, it had been an ongoing issue prior to the adoption of the reforms where IRD staff had been involved in collusion with business houses. Accordingly, expected revenue often did not match the actual cash that was collected. The Customs Comptroller at IRD (expatriate) remarked on this revenue loss issue during the PAC inquiry on the 2021 Appropriation Bill by stating:

> Revenue loss is affected by several factors. The first is corruption, so there is no point for reform unless we find the cancer and cut it out. There are roughly ten people who are no longer in Customs. We removed these bad apples and recruited 16 new Customs Officers (PAC, 2021, p. 6).

The remarks made by the Comptroller imply the ongoing revenue loss issues at IRD were a result of weak control systems. The recent reforms at IRD aim to put in place more effective control systems to minimise the occurrence of such practices.

The second form of revenue loss is related to the power of the Minister of Finance to grant tax exemptions. It is an initiative that was intended to support indigenous Solomon Islands businesses. However, in recent years instead of locals benefitting from this, MPs have been using the provision as bait to lure support from foreign companies. This becomes an issue when the total exemptions granted by the Minister have not been reported and disclosed. During the PAC hearing on the 2021 Appropriation Bill, the PAC members raised concerns regarding the non-disclosure of these exemptions. A member of the current PAC posed this question during Ministry of Finance’s session:

> My question is regarding tax exemptions. I appreciate the reforms within IRD – get rid of corruption in the IRD. I have been very distracted on social media news regarding the exemptions of tax granted to logging companies and prospecting companies – e.g., latest issues on tax exemption on gold bars. I am worried while the big boys are enjoying these tax exemptions the little guys are abiding by the law (PAC, 2021, p. 7).

Another member of the PAC further added:

> Leakages to government revenue are currently a heated discussion on social media such as the local Facebook websites. So, the public needs to know the truth about these. We have been asking for total quarterly exemptions from the Ministry of Finance. Can that document be presented to the PAC? List of exemptions by sectors. These are leakages that have a very big impact on government revenue (PAC, 2021, p. 7).

The above evidence demonstrated the non-disclosure of exempted revenue through the Minister's power to grant exemptions. The PAC is supposed to be furnished with such information. However, because the lists of exemptions have been leaked and shared on social media, it has stirred public outbursts calling on the Minister of Finance to explain to the people why foreign loggers and miners are enjoying the previledge that was intended to support locals. These outbursts caught the attention of the PAC and hence it became an agenda during the 2021 Appropriation Bill public enquiry. Given the lack of disclosure of these revenues, it appears that SIG's end of the year statement of revenue lacks credibility and trustworthiness.

Revenue loss as as a result of exemptions is reciprocal on the part of MPs and their political supporters (financiers). Allen (2011) pointed out that since the country had gained independence in 1978 the history of the forestry sector had been a woeful tale of corruption, greed, profligacy, patronage, tax avoidance, maladministration, incompetence, and environmental destruction. Millions of Solomon Islands dollars in potential revenue have been lost as a result of tax exemptions and the undervaluation and mis-categorisation of log exports. The abuse of constitutional powers in granting of various tax exemptions to foreigners has been an ongoing issue for the SIG since the early post-colonial era (early 1980s) (see Chapter 2).

6.3.1.3 Optimistic revenue projection

The use of overtly optimistic revenue projections has been a practice in the formulation of the SIG annual estimates. This is associated with pressures from the Cabinet imposed on the Ministry of Finance revenue analysts to produce projections that would fund a planned deficit budget which is common for the SIG. This kind of political pressure often results in biased or inflated determination of the forecasted revenue. A senior official at the Ministry of Finance describes this situation by stating:

> For the budget, what we did is we used budget forecast. We use past four years figures to establish our current budget forecasts. It is an annual budget forecasts and it can show actual expenditures paid for each period plus remaining cash balances. It also allows a forecast for revenues for each interval or period. So, departments that collect revenue like IRD need to do more collection to meet the forecasted revenue ceiling established in the template. As line ministries tend to think that the budget allocated to them is actual cash available. But it is not! It is only figures, some of which are yet to be collected while others are questionable (Participant F1).

The above has become an ongoing issue in tabling a budget that is unrealistic and unaffordable. Often it is referred to as a *Paper Budget* in the local setting, especially when MPs debate on an Appropriation Bill in Parliament. For instance, during the Appropriation Bill 2016 debate in Parliament, one of the MPs in his speech made this statement:

> I want to say to my good people of East Central Guadalcanal that we have just passed the budget. This is just a paper budget. It has big amounts that you have seen and heard in the media but these are only estimates. I am sure from my experience in the government as a Permanent Secretary, that not all that you see or hear will come down to us. Do not talk about what is in the budget books. You should only talk about what enters our bank account (Hansard, 2016, p. 10).

The notion of *Paper Budget* implies uncertainties surrounding the projected revenue, and whether it will materialise on time as anticipated. A senior official at the Ministry of Finance mentioned: "*If collection is consistent, our continuous cash flow problem could have been reduced. We know a lot of revenues have been earned, but we are not seeing the actual cash*" (Participant F1). Participant FI's remarks were related to the previous discussion above (nondisclosure of revenue loss) which contributed to the unrealistic revenue figures.

Accordingly, *Paper Budget* has become a recent connotation for describing SIG's budget which not only disregards compliance with cash IPSAS in terms of the revenue statement but also in budgeting. With the former, the statement of revenue report should only capture actual cash receipted. Revenue earned but not yet received should only be disclosed. Similarly, for budgeting under the Cash IPSAS standard, the actual revenue figure that was reported should form the basis of the budget. However, in SIG's case, the Cabinet already proposes a ceiling which can be seen as the fiscal envelope that is used for the formulation of the budget. That ceiling denotes the basis of what Solomon Islanders commonly refer to as the Paper Budget.

The optimistic revenue forecast is a competitive feature of the bigman. As posited by Sahlins (1963) a characteristic of the bigman is his ability to provide for his followers. A bigman who fails to provide support for his followers loses his identity and his social standing. This competitive characteristic is seen in the attitude of the Cabinet towards budgeting. The Cabinet loses the trust and confidence of the people if the budget figures, especially revenue cannot meet the necessary services in the rural areas. MP's multifaceted roles (see Chapter 2) are crucial in influencing the mindset towards budget preparation. Central to this mindset is the duty of care which helps to maintain trust and loyalty relations between the ruling MPs and the people. As illustrated in the above speech by the MP, the MP has cautioned his people to avoid higher expectations which will become problematic for the MP if the forecast budget has not been achieved. Accordingly, if the projected amount fails to materialise on time, PAEs are always given priority due to pressure from the people. This is the reason for the late implementation of annual work plans by the line ministries.

6.3.1.4 Cash flow management

Cash flow has been an ongoing issue for SIG and has been constantly highlighted in the Auditor General's annual reports to Parliament (e.g., 2016 and 2017 reports). Findings from this study revealed cash flow issues sprout from two underlying issues: political interference and poor revenue collection at IRD. The first is related to the political climate mentioned in relation to PAEs. Payments from these funds which are usually in millions have always been given high priority despite measures in place to manage cash flow. These measures, one of which is the IMF buffer that require the main account to maintain a running balance of SBD300m for each quarter. A spreadsheet (pending the new D365 system) was established to assist SIG with this cash benchmark as a means of managing the appropriate cash flow level.

The influence of the Cabinet on this cash buffer through PAE payments has been detrimental. The Ministry of Finance often would put a hold on the whole pay cycle (except for payroll payments) to allow for PAE related payments to be processed. As shared by one of the Financial Controllers:

> when pressure payments (PAEs) are high, all other activities are on hold. Ministry of Finance would normally notify us through a circular memo not to raise any payments for the next two to three weeks. When we see such circulars, we know pressure payments are in the queue (Participant F3)

Pausing the normal pay cycle payments is to allow for the PAEs to be cleared off the system before resuming the normal cycle of payments. Often, it takes a month (in most cases two to three weeks) which impacts the actual implementation of ministries' annual work plans. A former senior official at the Ministry of Finance also echoes similar comments by stating:

> The IFM's cash buffer is very difficult to achieve. In most cases, SIG is only able to maintain around SBD100m cash balance. It is just impossible for the Ministry of Finance to achieve this cashflow benchmark (Participant F1).

MPs view such strict measures as hindering their multifaceted role in the timely delivery of services to constituencies. This is often why MPs refer to these measures as lengthy and inappropriate for the local setting. As stated by one of the former senior officials at the Ministry of Finance and quoted above:

> ….that is why we often resort to bending the rules. Because this is the only way to make it work for us…. (Participant P5)

As mentioned, MPs hold the view that such stingy measures hinder their ethical duty of care to the people. During Parliament meetings, MPs often refer to these control measures as obstacles that prevent them from the timely delivery of services to rural people.

6.3.2 Audit

The views towards audit sprout from the lack of a reformed audit act to support the implementation of the Cash IPSAS and performance-based budgeting adopted in the PFMA. What the SIG did was establish an internal audit in Part 5 of the PFMA. The understanding that SIG reached in 2013 was that a new audit act would be prepared separately from the PFMA. To date, the draft audit bill has not yet reached the Cabinet for approval. I discussed these below to present a better understanding of the implications this had on NPM's accountability which is discussed in chapter 9.

6.3.2.1 Establishment of an internal audit

The establishment of an Internal Audit Unit (IAU) within the ministries is one of the audit reforms adopted by the PFMA. This is provided in s19, s20, and s21 of Part 5 of the PFMA. In s19(2) the act provided for the appointment of a Director by the Public Service Commission, in consultation with the Finance Minister to head that unit. In s19(3), it provided for the line of reporting for the Director who is the Secretary (PS). Whereas s20(1) outlined the power of the Director to perform his/her role, especially in carrying out investigations at the ministerial level. As stated in s20(1) of the PFMA: *Upon instructions from the Minister or Secretary, the Director of Internal Audit may investigate and report on allegations of any misconduct, as defined under this Act and the subsidiary legislation*. Furthermore, there is also an audit committee, established in s21, to provide oversight for the Internal Audit Units whereby its appointment rests with the Finance Minister.

The objectives of the reform were to improve compliance at the ministerial level by installing robust internal control systems to conduct more regular checks to prevent the occurrence of fraud. However, given that the Director is appointed by the Public Commission upon the advice of the Minister and the PS, it invariably affects the ability of the Director and the Unit to perform independently. Similarly, s20(1) indicates that the scope of the Director is limited, in the sense that any investigations the unit intends to pursue have to be approved by both the Minister and the PS.

It was apparent that the unit lacked independence that would empower the Director to perform its role effectively. In an interview to gauge views on the establishment of this unit, one of the technical Advisors described this initiative as:

> The Director should report to the Auditor General and not the PSs. What is happening is that the Directors become scapegoats to the PSs and will always adhere to instructions given to them by the PS (Participant S1).

This commentary which is similar to those shared by other interviewees shed some light on why audit recommendations by the OAG have not been addressed at the ministerial level despite the establishment of an internal audit unit. This pointed towards the weakness of the act in empowering both the Unit and the Committees to function effectively. As expressed by an officer at OAG:

> We try our best to revive the audit committees, but it is still a challenge. Currently, only the committee at Education is still alive (Participant F6).

Together, these illustrated the weakness of the act in strengthening accountability and transparency at the ministerial level. Iyoha and Oyerinde (2010) found that for advanced accounting systems such as IPSAS, relevant supporting accounting infrastructure is required to support the efforts to achieve accountability rendered by the accounting systems.

Furthermore, a former senior audit official at OAG shared his views on the establishment of internal audit by stating:

> The establishment of an internal audit is actually a good initiative for our ministries. The first objective was to strengthen the financial system to prevent fraud at the ministry level. The second purpose is to conduct investigations. I think what happens is that the second objective seems to overtake the former. Ministries seem to focus too much on investigations that they put little effort into the first objective which is vital in preventing the latter (Participant S10).

The annual audit reports from the OAG also revealed continuous disclaimer audit opinions for the national account which showed little effort to address audit recommendations put forward by the Auditor General. For instance, in Fig.6.1 below the audit reports for 2016 and 2017 show that the same audit issues which had been reported in 2015 emerged again in 2016 and 2017.

Figure. 6.1: Audit report for SIG National Account for 2016 and 2017 (page 2).

laws, Acts and regulations for the two years. These are detailed in the chapters relating to ministerial audits of this report.

3. Audit approach

The focus for the 2016 and 2017 financial statements audits was to ensure that the elements of the disclaimer opinion in 2015 remained relevant in 2016 and 2017 and continued support the on-going applicability of a disclaimer opinion in 2016 and 2017. This is summarised in Section 5 of this part of this report.

This approach was based on the response to the 2015 management letter identifying Ministry actions which would be implemented in 2018 and 2019. Through the audit, I am aware of concerted efforts by the Ministry of Finance to address many of the areas raised through my reporting. However, as the audit and my report is historical, they unfortunately do not reflect many of these improvements. I expect the actions taken to start to affect the audit approach from the 2018 financial statements.

4. Overall conclusion

The Auditor General (OAG) concludes that although the Ministry is making progress with implementing actions in response to matters raised in his reporting, these were not sufficiently effective to resolve the gap in requirements for the 2016 and 2017 financial statements. There remains during this period a lack of supporting documentation and ongoing non-compliance with General Orders, Financial Instructions, PFM Act and International Accounting Standards of Reporting by government agencies and this continued attention by management.

Consistent with the 2015 audit, the Auditor General is unable to express an opinion on both the IPSAS cash and PFM Act financial statements for 2016 and 2017 due to:

- Not having been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion in accordance with International Standards of Supreme Audit Institutions (ISSAIs)) as there is huge problem in the filing of source documents; and
- Not meeting the reporting requirements under PFM Act and IPSAS Cash Basis.

5. Summary of key issues

The Office of the Auditor-General (OAG) has completed the audit of SIG 2016 and 2017 Financial Statements and found that the SIG has inadequate control over the management of its resources. The main issues that the OAG has identified leading to this conclusion are summarised in the table below:

Table 1: Significant matters arising SIG FS audit

No.	Summary of issues identified	Issue Type	Risk Rating

Source: (Audit Report, 2020, p. 2)

This implies that the establishment of an internal audit unit at the ministerial level has not been effective in supporting the efforts of the cash IPSAS in enhancing accountability. While the notion of power centralism was prevalent, and this influenced the manner in which the internal audit unit was established, the political climate of the SIG obstructed the effectiveness of the unit. The unit was intended to enhance internal controls through the early detection of fraud at the ministerial level. Similarly, it was intended to ease the work of the OAG as more rigorous checks conducted at the ministerial level with the aid of audit committees would improve the level of compliance at the ministerial level.

However, this study suggests that the political climate relating to PAEs obstructs the intention of the internal audit unit and its role. The influence of power centralism implies that Directors of the unit are mere scapegoats of the PS. In a similar manner, the Directors also lack the authority to conduct investigations as prior approval from the PS and the Minister are required. Together, the lack of independence of the unit affects the effectiveness of the unit in carrying out its functions. This demonstrates how initiatives aimed at supporting the efforts for accountability such as this reform have been obstructed by the political domain of the SIG.

6.3.2.2 Proposed audit bill

The role of the Auditor General in carrying out its mandatory audit functions is specified in s.108(3) of the Constitution and s.35(1) of the PFAA (cap 120). In s108(3), the Constitution outlined the authority held by the Auditor General to audit the public accounts of all government ministries, offices, courts, and councils, including the provincial government. The Constitution also gives power to the Auditor General to access books, records, and other relevant documents for this purpose. Moreover, s108 of the Constitution also provides for the independence of the Auditor General in performing its roles and functions.

This study argues that the lack of auditing provisions in the PFMA has negative implications for the role of the Auditor General in performing its functions. According to evidence gathered by this study, the reason for the lack of well-articulated auditing standards and requirements in the PFMA was that a separate audit act would be legislated. As stated by Participant P5:

> We intend to have two separate acts, one for financial management which will be developed by MoFT, and the other for audit which is the responsibility of the OAG.

That was the understanding that was established back in 2007 during the time the Public Finance and Management Act 2013 was developed. Further, the proposed audit act was also intended to facilitate audit requirements that complied with international best practices to be consistent with the adoption of accrual accounting that was stipulated in s77 of the Act. According to Clark and Levy (2012) the audit reforms were initiated in 2000. However, the proposal never progressed further despite apparent approval from the Cabinet at that time. The five main reforms proposed included:

1. the establishment of an NAO, as a statutory body, independent of the public service and headed by the Auditor General;
2. the Auditor-General's power to conduct performance audits and to determine staffing, including numbers and salaries;
3. the NAO to operate on a user pays basis charging audit fees, with that revenue to the Auditor-General being supplemented through the appropriation process;
4. the oversight of the NAO performance, especially by the Public Accounts Committee; and
5. the Public Accounts Committee's role includes examination of the Auditor General's resource requirements given the Work Plan and the proposed employment conditions for staff of the OAG's Office (Clark & Levy, 2012, p. 50).

To date, the draft audit bill has not yet been legislated. Consequently, in its absence, the OAG continues to use the old Public Finance Act 1978 for most of the auditing regulations which is not aligned with the accrual accounting principles provided for in s77 of the Act together with the international audit standards that were applied. As remarked by a senior official at OAG:

> We report using international standards but we always go back to our legislations which is a challenge for us. We found that the acts are saying something else (Participant F6).

The audit function has remained unchanged since independence. The OAG continues to conduct its mandated roles but has been hindered by a lack of reformed legislation. The office's independence was also affected given the fact that the office is still part of the Public Service Ministry. Its programs and work plans hence depend on resources that are approved by the Public Service Ministry and the Ministry of Finance. Furthermore, there is also a lack of independent oversight bodies to support the efforts of the OAG. As such, there was no follow-up on the audit recommendations put forward by the Auditor General. As was commonly cited in the recent audit reports '*recommendations from previous audits have not been addressed*' indicating the lack of efforts taken by responsible authorities to support the work of the OAG.

The above findings show the influence of the power centralism agenda held by high-ranking personnel in the national government. To empower the OAG means that MPs are obliged to be audited for funds such as RCDF which undermines their authority. This means that the bigman being accountable to the people through fulfilment of societal expectations is more important and is considered legitimate (culturally) than accountability to statutory regulations and institutions. This perspective has influenced how auditing is perceived in the local context. Accordingly, in the absence of reformed audit regulations together with an internal audit unit which was established merely for ceremonial purposes, there is relatively weak enforcement to support efforts for enhancing accountability through the adoption of international best-practices such as cash IPSAS.

6.3.3 Competency associated issues

Issues associated with incompetency have been highlighted by the Auditor General in almost all the audit reports since 2014. For example, in the 2017 audit report, the Auditor General repeatedly reiterated the need for ministries to have fixed asset registers (FAR) and improvements in the preparation of financial statements. Other areas included the lack of supporting documents for assets and liabilities, incorrect classification of debts, and lack of interface reconciliation in payroll, to mention a few. Interestingly, the report also showed that the SIG main account has not been reconciled since 2014. These issues point to competency concerns which are prevalent, especially in the Ministry of Finance where there are significant constraints on the implementation of the cash IPSAS reform. A senior public official commented:

> In my view, competency is a contributing factor to the poor performance of the SIG in terms of the reform - wrong people at the wrong place. For instance, personels who occupy higher positions….does not know how to forecast revenues, and prepare cash flows. How can these play their roles as per the Act? This is common within our public sector. In fact, there is a responsible authority who looks after all these recruitments. But they failed their part too. So, all these issues reflect those at the top. In the private sector, someone who does not perform would get sacked. But in the public sector they are still kept (Participant F6).

The lack of competent staff has also led to situations where the end of year financial report completion took longer than the expected time. For instance, the OAG has confirmed that the Ministry of Finance has yet to submit the financial reports for 2019, 2020, and 2021. The latest that was submitted was the end of year financial report for 2018. This delays the OAG in conducting its year-end audits. Similarly, it also affected the PAC in tabling the audit reports for parliament debate consistent with their role in Standing Orders 69.

Issues relating to competency lie in the practice of handpicking persons to fill key ministerial positions. Giving advisory roles to persons who lack the relevant expertise results in increasing incompetency which affects how the reform has been implemented as demonstrated in the findings. Furthermore, as a result of high incompetency greater political influence has resulted. A former designatory at the Ministry of Finance expressed:

> At the ministries, we do not have technical people like in the private sector. Most officers at Ministry of Finance are paperwork officers, so I supposed our expectations are not met. We need technical people especially at Ministry of Finance to ensure there is compliance. When we have such low competent staff political influence is greater. Politics will find its way more easily when such incompetent people are sitting on the positions (Participant P5).

These comments demonstrated the intentions behind giving key positions to persons who can be easily influenced by politicians. This is essential for ease of collaboration and execution of orders from above. Effective implementation of the reforms however depends on the level of competency, given the technicalities of reforms of such nature for settings with low institutional capacities (Rajib et al., 2019) .

The above evidence suggests issues relating to the hand-picking of persons to fill key financial positions which is convenient for the bigman to gain control amongst key ministerial cadres. In a bigman setting, the appointment of cronies and friends of the bigman is critical for effective carrying out of the orders of the bigman. Competent personnel tend to question the bigman, especially in relation to specific tasks which may not be ethical as far as the governing laws are concerned. Given the bigman functions as an informal system, it becomes problematic to operate within a formal system of government. Such an informal system has its own rules, in this case, social norms and practices. Accordingly, while key positions tend to be filled by friends and cronies of the politicians, it constrains the efforts of the reforms to provide effective control over the day to day financial operations of the main account.

6.3.4 Performance-based budgeting (PBB)

This subsection discusses the adoption of budgetary reforms in the PFMA. In particular, this discussion provides for the introduction of the second NPM reform, performance based budgeting in the PFMA. The primary focus is on its adoption in the PFMA and its relative practice at the national government level.

6.3.4.1 Background of SIG budgeting

In the Solomon Islands, budgetary provisions are stipulated in s102, s103, and s104 of the Constitution. These provisions outline key legislative procedures and processes for budgeting which are based on the traditional *line-by-line* budgeting that is input-focused. In the repealed Act, the constitutional provisions are included in Part II and Part III which outline the procedures for budget formulation, approval, and budget amendment. As mentioned, these budget regulations followed the traditional 'line item' budgeting where the expenditure for the next year was listed according to what was expected to expend on. The objective is to specify the line item ceilings in the budget allocation and to ensure programs remained within their approved ceilings. The strength of such a system, as noted by the World Bank (1998), lies in its relative simplicity, lack of ambiguity, and potential for control of expenditure through easy comparison with prior years and through the detailed specification of inputs.

Given the need to reform these regulations on the basis that such a budget system provides little information about how money was spent, or the efficiency and effectiveness of the programs (World Bank, 1998), the PFMA, in Part 6 provides for modernised budgetary procedures. Consistent with s77's attempts to adopt NPM principles such as accrual accounting and performance measurement, Part 6 also pursues new budgetary reforms towards improving the budgetary processes to increase the effectiveness and efficiency of public spending. In the subsections below, I discussed the introduction of medium-term planning and performance-based budgeting as two new concepts introduced in the PFMA.

6.3.4.1.2 Legal time frame and budget strategies s45(1)

The legal timeframe along with the budget strategy is established in s45(1) of the PFMA.

The regulation provides, firstly, the legal timeframe for tabling and publishing the budget strategy which is five months before the start of the financial year. According to the Constitution, s69(2)(C) provides for the commencement of Parliament on the 1st of April and ending on the 31st of March the following year. This means SIG's budget strategy should be made available for the Parliament Office as early as August or by September. This is to allow for the PAC to review and scrutinise the document before it is tabled for debate in Parliament, consistent with the role of the PAC as provided in Standing Order 69.

Secondly, the provision also stipulated the timeframe for the tabling and publishing of information related to the fiscal aspects of the budget, including debt management strategies. This is vital as it provides the fiscal background of the budget. In other words, this budget provision emphasises the need for information regarding the fiscal aspects of the budget estimate to be submitted together with the strategy three months before the start of the financial year. The submission of both documents on time is necessary as they aid the PAC with its oversight role, in ensuring the proposed strategy or budget estimate is realistic and is achievable.

In practice, the budget strategy is derived from the ruling government's Policy Paper or the Cabinet Paper. The Prime Minister and the Cabinet decide on the core policies of their four-year term as the executive government. For SIG, the Cabinet Paper which presents the executive's four-year term plan forms the basis of the budget strategy. This strategy contains the key priority areas, proposed implementation strategies, forecast resources, expected outputs and deliverables, and the proposed timeframes. In addition, the Cabinet Paper also establishes a policy matrix to guide the overall implementation of the policies which is administered by the Policy Implementation, Monitoring, and Evaluation Unit (PIMEU) at the Office of the Prime Minister and Cabinet. The nature and design of the policy matrix adopted for the SIG varies, depending on the ruling executive's preference. For instance, the previous government led by Manase Sogavare (2018-2023) adopted a sectoral approach with the establishment of a top-down resource envelope for the established sectors (e.g., production, service, and income generation). This resource envelope determines the size of the annual budget on a three-year basis consistent with SIG's medium-term development plan (MTDP) as prescribed in s45(2) of the PFMA. Fig. 6.3 provides the budget template that was used to frame SIG's MTDP (based on annual workplans) consistent with the ruling government's priorities (refer to Appendix 7 for the detailed template).

Figure 6.2: 2021 baseline budget template.

Head:							
Sub-Head:		0004 Other Charges - Headquaters & Admin			Baseline Costing of Outputs		Notes/ justifications for costings
Functional responsibility summary	Priority Output Ranking	DCGA Priority	Output expected from the Ministry	Activities to meet output	GL Code	Amount (in SBD)	
SUB-HEAD TOTAL						0.00	

Source: (Ministry of National Planning and Development Cooperation, 2021)

Interestingly the PFMA, while granting power to the Cabinet to decide and determine the annual budget strategy, does not establish a link between s45(1) and s45(2) to ensure Cabinet policies are aligned with the existing MTDP. The MTDP (which is discussed in the next subsection) provides the medium-term strategies that are based on the country's National Development Strategies (NDS). This lack of linkage is yet another gap associated with the PFMA which affects the attempts to establish the medium-term expenditure framework (MTEF) which are discussed below.

Moreover, findings from this study also revealed there is difficulty in complying with the legal timeframe to enable both the strategy and the related documents to be properly scrutinised by the legislature. Evidence gathered shows that submissions are always incomplete, which hinders proper scrutiny of these documents. A senior official at the Parliament Office remarked on this as:

> Ministry of Finance's submission is always late. Ideally, we would expect the submissions to be received on time to enable the PAC to conduct a review of the documents before holding inquiries. So far, submissions are not always complete. The budget draft will be submitted, and key documents supposed to be submitted together with the draft normally would come later. For instance, in 2022 the budget was passed in the middle of the year because of last year's resolution and only the draft estimate

was submitted. Other documents were received in most cases, six months after the budget is passed. So, PAC was unable to conduct a review of the documents for the purpose of scrutiny…… I also understand that extracting such information is a challenge for the Ministry of Finance due to lack of capacity. Ministries do not have the capacity to provide the necessary information that would enable the PAC to conduct in-depth reviews (Participant S8).

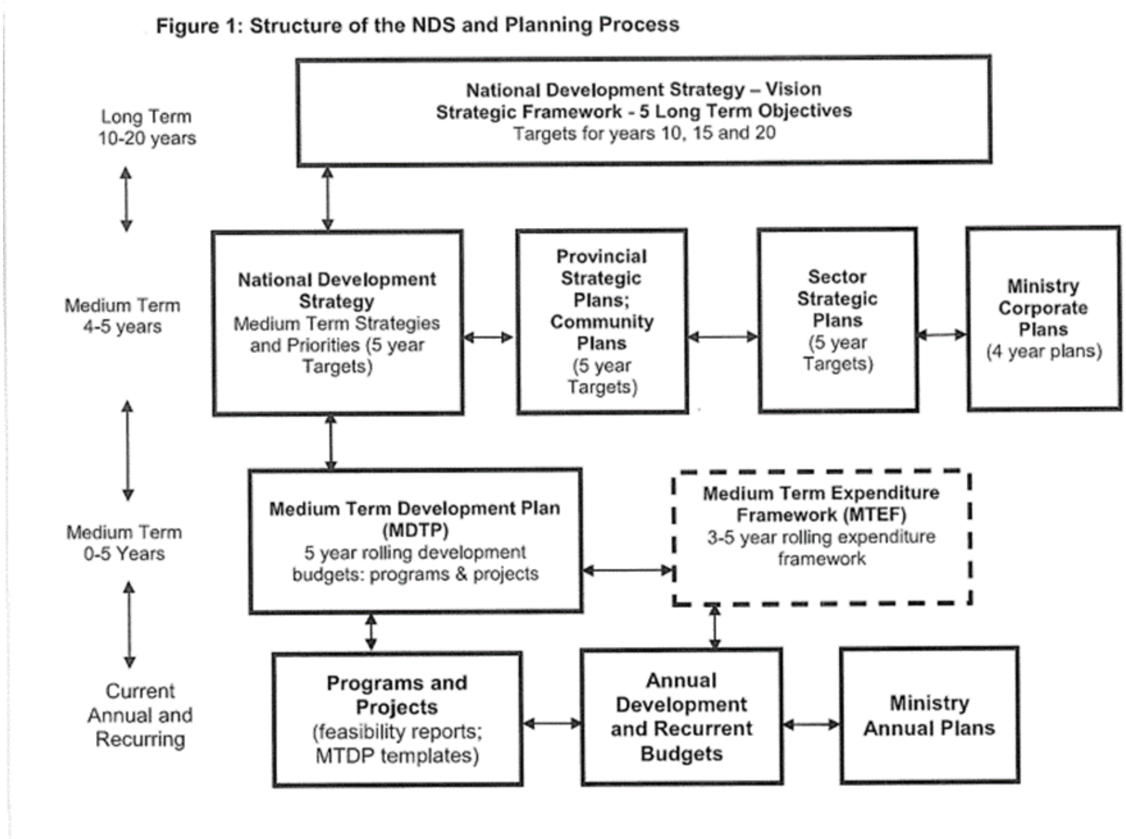
This evidence suggests that the difficulty in complying with the legal timeframe has prevented a proper review of the budget estimate. Proper scrutiny of the strategy and related documents such as the fiscal aspect of the estimate is vital for ensuring the estimate is realistic and achievable. Given the lack of such scrutiny, it led to the passing of a budget that is both unrealistic and lacks credibility. This may explain why SIG's budget is commonly referred to as a *paper budget* as discussed above. The lack of proper review of these key documents contributes to further difficulties in establishing the MTEF, which are discussed in the later subsections.

6.3.4.1.3 Medium-term planning s45(2)

The introduction of medium-term planning in budgeting is a significant reform for the SIG. It introduces notions of multi-year planning, a shift from short-term planning that formed the basis of budgeting in the repealed PFAA. The medium-term approach requires expenditure to be driven by priorities with choices established from an affordable set of alternatives (Walker & Mengistu, 1999). Accordingly, policy and funding choices operate in tandem. In s45(2), the PFMA authorises the establishment of the government's medium-term development plan.

The introduction of medium-term planning in budgeting was intended to institutionalise the notion of multi-year planning for the achievement of the country's National Development Strategies (NDS) within a period of three to five years. For SIG's case, the NDS outlined the strategic direction for the future development of the Solomon Islands for a long-term period of twenty years (2016-2035). The overall aim is to provide a longer-term framework for planning and the implementation of the global Sustainable Development Goals (SDGs). Accordingly, it necessitates the need to establish medium-term priorities and medium-term strategies for the implementation of the NDS. The translation of these medium-term strategies and priorities into implementation policies, programs, and projects forms a five-year rolling plan called the medium-term development plan (MTDP). Figure 6.3 provides the structure that shows the links between SIG's longer term strategic framework of the NDS.

Figure 6.3: Structure of the NDS and the planning process.



Source: (MDPAC, 2016, p.9)

Consistent with the PFMA, the Ministry of National Planning and Development Cooperation (MNPDC) (previously Ministry of Development Planning & Aid Coordination) was mandated to develop, monitor, and coordinate development policies, programs, and projects aimed at achieving the 2016-2035 NDS. The MNPDC established a logical framework to support the implementation of the country's NDS through annual development plans. A budget template incorporating the concept of medium-term planning was also used.

The MNPDC is thus responsible for coordinating with line ministries to ensure ministries align their MTDPs with the country's NDS. This is implemented annually through the development budget template. Line ministries are expected to submit their templates to MNPDC, who consolidate all drafts and submit them to the Ministry of Finance for further consolidation with the recurrent estimates, including the HR component from the Ministry of Public Service. The Budget Unit at the Ministry of Finance puts together these components in the final draft estimates which are submitted to Cabinet for prior endorsement before it is legislated through an Appropriation Bill. The Cabinet, in this regard, has the final say in the draft budget. If the Cabinet is satisfied that sufficient information has been provided and that the draft reflects the government's key priorities, the Cabinet endorses the draft for further dialogue and scrutiny by the PAC. Hence, since the repealing of the old Public Finance Act, ministries are required to develop medium-term plans or as commonly referred to, the *ministerial corporate plan* for the implementation of their respective NDSs.

Evidence held by this study however shows that the MTDP, which was also one of the necessary documents to be submitted together with the draft estimate, was rarely submitted to Parliament. A former PAC Secretariate member at the Parliament Office commented on this as:

> The submission of the MTDP by the Minister of MNPDC is another challenge. These documents never arrive on time. We normally write to them to remind them of the due date for the documents. Delivering on time is an issue that affects us in scrutinising the documents. These are very important documents that the PAC should scrutinise and hold inquiries. So, the MTDP is never submitted together with the budget documents. Otherwise, it may be stated in the strategy extract which is contained in the budget submissions. Normally PAC members would ask for these but the normal reply from the Minister of Finance is, "We will provide them". We eventually received these documents some months later after the budget had already been passed (Participant F9).

The delay in submission of the MTDP document implies the missing links between the budget strategy, MTDPs, and the draft Estimate. PAC's scrutiny of these documents is vital in ensuring the budget is aligned with MNPDC's MTDP. However, in the absence of such scrutiny, the integrity of the budget in reflecting the country's NDS is in question. In addition, the missing link between the two provisions, s45(1) and s45(2) in the PFMA also suggests the weakness of the act in enhancing the oversight role of the legislature or the PAC. In a similar manner, the PFMA also does not provide sufficient or supporting regulations that would empower the MNPDC with their efforts toward NDS implementation. Hence, while s45 introduces the concept of medium-term planning, the Act overtly empowers the Cabinet which weakens the efforts of the reform towards achieving the NDS.

Given that Cabinet has the final say with regard to the budget, it poses risks for Cabinet prioritising their political agenda over policies towards the NDS. For instance, a former PS stated:

> Our budget system has been a top-down system all along. In saying this, I mean the budget has always been dictated to us by the ruling government. They have the final say on which projects get to be implemented and so forth (Participant S6).

In a similar remark, a senior official commented on the delay of his Ministry's five-year MTDP due to lack of funds:

> Our MTDP 2013-2015 (policy details withheld) costs around SBD$300 million. However, we were not able to complete it because of lack of funds so we extended it to 2016-2020. Because of covid-19 we still have not completed it. For the third time, we have to extend it again for another five years 2022-2026. In this round, the Cabinet again said there are not enough funds so we should be seeking help from the donors to support us complete our MTDP…… what I am saying is, that although the Cabinet has approved our MTDP, it does not mean the Cabinet will finance it, no! It is only a paper approval (Participant S7).

These comments illustrate the Cabinet's influential power in dictating what goes into the budget consistent with its political priorities. Focal budget officers at ministries also raised similar concerns related to continuous extensions of ministerial corporate plans and the relative impacts on ministerial annual work plans. Ministries, especially program heads, often are frustrated when the Ministry of Finance continues to delay the implementation of their MTDPs due to the unavailability of funds. Central to these concerns is how this has impacted on the submission of their ministerial development budget using the MTDP framed templates. The continuous lack of funds or cash flow issues result in the same activities being carried forward to the new reporting period which demotivates officers in the preparation of their annual submissions. In most cases, funds are only available by the third quarter of the year. By the time ministries start implementing their MTDP, the year has come to an end and Ministries are required to reschedule their MTDPs for the next fiscal year.

The manner in which the two provisions s45(1) and s45(2) have been established implies power centralism. This power centralism objective is to ensure that ruling government priorities are implemented within their term as the Executive. Questions regarding whether these policies reflect the country's MTDPs or NDS are not important. What is more important is that the political policies have been prioritised and that people continue to have trust and confidence in their leadership. This is facilitated through the development budget where MRD continues to receive a greater portion of SIG's overall development budget (see Fig. 6.4).

As the Cabinet prioritises rural and livelihood programmes and policies through RCDF, it delays the implementation of ministries' MTDPs. Similarly, striking a balance between the MTDPs and the ruling government's priorities is difficult for SIG to achieve. As echoed by Participant S7, even if the MTDPs have been approved it does not necessarily mean funds are available to finance the approved MTDPs. A senior official at MNPDC similarly remarked: *The question of whether the policies or MTDPs are reflected in the budget is a challenge we face (Participant S2).*

6.3.4.1.4 Performance measurement indicators s48

Unlike the traditional line-by-line budget, which is input focused, the PBB is outcome focused. It requires linking policies with budget figures and the relative performance information in order to allow the budget to be measured for its efficiency in the allocation and implementation of budget resources. The introduction of this budget reform is set out in s48 of the PFMA. The provision implies a shift away from traditional line-by-line budgeting. The Act mandated the Minister of Finance to table in Parliament a performance-based budget, where the figures are linked to the policies, program outputs, and the relative expected performance criteria for which the budget has allocated resources.

Owing to this reform, a baseline template has been established to support the implementation of this reform (see Appendix 7 for the template). The baseline template locally referred to as the *budget template* includes columns for key ministerial policies, programs and activities, measurable deliverables, and the corresponding estimated costs. The budget template provides ministries with an opportunity to formulate targets and indicators to enhance their performance.

The template thus provides a new experience for the SIG to establish a link between their core ministerial policies or their MTDPs, activities, and the estimated budget. Equally important. it becomes a requirement for ministries to access funding. This is also a means to ensure the reform is translated into organisational best practices.

Most senior officials at the ministries are fully aware of the importance of performance measurement principles and how they could impact their core activities and objectives. In fact, when the template was introduced in 2007 it faced a lot of resistance at the ministerial level. Program heads at ministries complained the template was very time-consuming and they preferred the old system which was straightforward (line-by-line budget). Additionally, ministries were also having difficulty in establishing performance indicators for their programs. As such, often the templates do not provide sufficient information such as clear, deliverable indicators to enable realistic measurement against performance. However, because it is a mandatory requirement, ministries have slowly learned the art of filling the template and it has become a routine activity for them. A program director for one of the technical ministries commented:

> In terms of the templates, as someone with no accounting or finance background at the start it was very challenging. As we continue to do it every year, we begin to understand how to prepare performance indicators and how to align these with our estimated budget figures. The template contains budget heads including the chart of accounts which made it easier for us to understand (Participant H3)

Most interviewees who are program heads shared similar comments, highlighting the simplicity of the template especially for personnel with no accounting background. This suggests that the template has been the key driving force that mandates ministries to adopt the PBB reform.

Concerns were also raised by key implementing ministries which pointed towards the lack of sufficient guidelines to support the implementation of the reform. Some of the interviewees from the key implementing ministries such as the Ministry of Finance and MNPDC suggested that the Act should provide sufficient guidelines to assist them in the implementation of this reform. As expressed by a senior officer at MNPDC:

> The budgeting provision which is mandated to us is like we are doing it in a space. In that I mean there is no supporting legislations or guidelines to enhance us with that mandatory function (Participant S2).

Acknowledging the level of capacity within the SIG for reforms of such nature, the Act should provide clear regulations that would enhance the capacity of key front-line actors with the implementation of the reform. This would enable the establishment of a budgeting framework to also enhance the implementation of related regulations such as s52 which require annual budgetary performance reports.

The technicality of the PBB for the key implementing ministries appears to relate also to the weakness of the Act in s45 that was discussed above. Coupled with the absence of sufficient regulations in support of s48 suggests lack of political will for the reforms. Target setting and performance culture have been introduced to line ministries with the initiation of the new budget template. Ministries, especially program heads (HoDs) have dedicated a considerable amount of time to developing their own MTDPs, which shows their commitment to the reform. In relation to the MNPDC with its limited capacity, the ministry has put a lot of effort into its coordination role in ensuring line ministries have complied with the reform. Similarly, the Ministry of Finance Budget Unit together with the PIMEU (Prime Minister's Office) have also established new budget committees aimed at relieving some of the coordination functions carried out by MNPDC. All these collaborations demonstrate the greater commitment and efforts taken at the ministerial level to implement the PBB reform.

The findings, however, suggested that the notion of a performance culture in budgeting is still lacking in the system due to SIG's political climate. The norm of repetitive budget lines, where incomplete activities have been carried forward to the next accounting year, means the budget is incremental. Similarly, the lack of linkage between some budget lines and MTDPs indicates unrealistic measurement against targets. For instance, when the Cabinet diverted the bulk of the development budget funds to MRD for rural development, that portion of the budget could not be measured (see budget line 498 in Figure 6.4 below). In practice, there is relatively very little relationship between service delivered, outputs, and outcomes. The gap between the results sought and resources allocated is relatively large implying the SIG budget was never realistic. Accordingly, it complicates the implementation of the PBB reform.

Figure 6.4: Summary of SIG's 2021-25 MTDP development bids.

SUMMARY OF 2021-25MTDP BIDS & 2021 DEVELOPMENT BUDGET ESTIMATES – By Ministry				
HEAD OF EXPENDITURE		2020 Approved Budget $m	2021-2025 MTDP Bids $m	CABINET APPROVED $m
469	Office of the Ombudsman	0	0	-
470	Agriculture & Livestock	23,375,000	23,741,000	25,000,000
471	Office of the Auditor General	0	2,950,000	-
472	Education & Human Resources Development	28,500,000	40,000,000	28,500,000
473	Finance & Treasury	10,000,000	11,783,000	10,000,000
474	Foreign Affairs & External Trade	0	5,000,000	-
475	Office of the Governor General	0	0	-
476	Health and Medical Services	30,741,900	52,147,999	44,800,000
477	Infrastructure Development	87,900,000	189,642,759	100,000,000
479	National Parliament	0	3,510,000	1,500,000
480	Forestry and Research	15,665,000	12,236,000	10,636,000
481	Office of the Prime Minister & Cabinet	71,000,000	229,150,000	201,400,000
483	Police, Nat. Security & Correctional Services	5,979,300	37,995,287	10,000,000
484	Provincial Gov't & Institutional Strengthening	31,500,000	60,800,000	31,500,000
485	Lands, Housing & Survey	4,000,000	4,000,000	10,000,000
486	National Planning & Development coordination	0	8,400,000	8,400,000
487	Culture and Tourism	6,325,000	34,000,000	10,000,000
488	Commerce, Industries, Labour & Immigration	14,300,000	35,000,000	25,000,000
489	Communication & Aviation	24,807,706	29,677,100	24,803,000
490	Fisheries and Marine Resources	10,300,000	40,707,000	15,000,000
491	Public Services	0	33,000,000	-
492	Justice and Legal Affairs	1,000,000	2,020,000	1,000,000
493	Home Affairs	0	3,000,000	5,500,000
494	Traditional Governance, Peace & Ecclesiastical Affairs	0	2,000,000	1,000,000
495	Mines, Energy & Rural Electrification	10,800,800	35,634,720	11,800,000
496	National Judiciary	0	10,684,474	5,000,000
497	Women, Youth and Children's Affairs	3,000,000	7,500,000	3,000,000
498	Rural Development	150,000,000	251,500,000	252,000,000
499	Environment, Climate Chng, Disaster Mgmt & Met.	7,960,000	18,660,000	5,960,000
	MINISTRY TOTAL	537,154,706	1,184,739,339	841,799,000

Source: (MNPDC, 2021)

The failure to link policy-making, planning, and budgeting is the single most important factor contributing to poor budgeting outcomes as pointed out by the *World Bank's Public Expenditure Management Handbook* (Oduro, 2003). In SIG's case, the establishment of budgets under PAE is a major hindrance to the PBB reform. PAE budgets, as noted in the earlier discussions, lack measurable outputs and indicators. These constrain the efforts of the reform especially on performance and accountability. Reforms such as PBB, are introduced to make governments more efficient, effective, responsive, and accountable (Hood, 1995). However, to promote enhanced efficiency and effectiveness, a culture of measuring and managing outputs or outcomes needs to filter through both legislative and executive management (Ellul & Hodges, 2019). As a result of a lack of political will, the adoption of PBB by the national government remains symbolic rather than functional (Ellul & Hodges, 2019; Goddard & Mkasiwa, 2016a).

6.3.4.1.5 Budget reviews s52

One of the strategies used to assist in measuring the performance of the budget is a mid-year review of the budget. Monitoring and evaluation (M&E) is a tool that enables the budget to be measured against the expected deliverables and expected performance indicators. The PFMA mandated the Ministry of Finance in s52 to table in Parliament a report on this role. The provisions require reporting at two intervals, a six-month report, and a final budget outcome report. The first is aimed at providing an update on the progress of budget implementation for the first six months. The latter is to capture the overall annual budget outcome that shows how resources have been utilised and whether the expected outcomes have been achieved. This means that the six-month or half-year report is expected to be submitted to Parliament by September and the final budget report by July. These timeframes are established to guide the SIG in ensuring the reports are provided to Parliament on time. Furthermore, section (3) also emphasises the inclusion of measurable indicators that would enable a review of the performance of the budget consistent with s48.

The M&E unit of the MNPDC is responsible for the internal monitoring, evaluation, and verification of results achieved. A reporting framework was established that requires ministries to submit a bi-annual report on the implementation of their annual MTDP using a template that was specifically designed for this purpose. The reporting template is based on the ministry's logical framework that uses the traffic light system. The traffic light framework contains four colours and their respective implications are as follows: green (on track), yellow (minor issues), orange (significant), and red (off track). The first section of the template requires ministries to indicate the key information relating to their respective NDS. This includes clear identification of policies and strategies employed to achieve their NDS on an annual basis. Ministries are required to provide detailed strategies and activities for the implementation and achievement of their medium-term goals. Section two of the template requires ministries to provide an update of progress to date in terms of their expected outcomes and performance targets. The third section of the template provides for issues and project risks affecting the outcomes based on the traffic light colours.

The bi-annual reports from the ministries are intended to feed the central reporting system at MNPDC. This enables the MNPDC to provide the end of the year final budget outcome report, especially for the development budget component. As mentioned, this report is expected to report the overall implementation of the development budget against the established logical frameworks that support the implementation of the MTDP and the overall NDS. Similarly, the report was also aimed at providing the national government with relevant information necessary for planning and decision-making. The report is then submitted to the Ministry of

Finance to compile with the recurrent component and thus make the final submission to Parliament, according to s52 of the PFMA. Furthermore, given PIMEU's oversight role in SIG's budgetary process, ministries' M&E reports are also expected to feed the policy matrix established at OPMC.

Evidence held by this study shows that the execution of this reporting reform is constrained by the continuous cash flow issues at the Ministry of Finance. As noted, halting the normal pay cycle often takes weeks which impacts the execution of ministries' annual work plans. This is especially when revenue collection at IRD fails to collect the forecasted revenue for a given period which often results in the postponement of projects for the next fiscal year. This has caused frustration amongst ministries as funds are tied up until near the end of the following year. It could mean that ministries whose budgets are affected for the next year will be reduced because of low budget consumption.

A behaviour that emerges as a result of the constant delay in the implementation of the annual work plans is the lack of motivation to complete the budget templates. Interviewees who are budget focal officers at the ministries mentioned that the reporting templates are mere "copy and paste" from the previous submissions. A senior official reflected on this issue by stating:

> A challenge we face is the timely submission of reports from the line ministries. We are aware that ministries have their own priorities although we always try to knock on their doors to kindly remind them of the due date for submission of the reports. From our experiences, the delay in responding is related to the availability of resources at MoFT. During our PS meetings, this is what a lot of PSs shared in terms of meeting these reporting requirements. This is because the performance of the budget depends on the availability of resources. But as always experienced, payments for the development budgets were only released by the third quarter of the year. What can we do as the year has passed? (Participant S6).

Frustration as a result of cash flow issues to a certain extent has led to the decaying of the moral and work ethics of public officers. Providing unrealistic data is commonly found in a lot of reports. One of the Directors in one of the Ministries shares a comment on this in relation to a similar situation with one of their ministry's main projects:

> One of our problems is M&E. We do not have an M&E system in place to support our reports. So, whatever we reported that's it! This is currently something SIG should prioritize. Verification is indeed an issue, and it affects the traffic light system. For example, Project I (name of project withheld) is one of those where we continue to indicate an 'orange' traffic light but in reality, it has not yet even started. The reality is the project has just started in 2022. Now we are in 2022, and we have a problem with what colour to use since we have already used orange, and we cannot use it again…. (Participant H3).

The evidence presented indicated the credibility of the ministerial M&E is in question. Ministries are often pressured to deliver, especially by the oversight M&E at the Prime Minister's Office. The frustration as a result of continuous cash flow has created pressures that forced ministries to produce reports merely to meet their superiors' deadlines. This led to manipulating the M&E report to avoid facing repercussions, especially from the Cabinet. One of the FCs reflected:

> when pressure payments are high, all other activities will have to be on halt. In such circumstances, when the Monitoring Team at the Prime Minister's Office (PIMEU) pushed us for M&E reports, the reports we submitted would not be verifiable. They knew that funds for M&E had been tied up, yet they continued to demand reports to meet their deadlines (Participant F3).

Most ministries lacked proper installment of an M&E framework that could support the traffic light reporting system at MNPDC. M&E is a relatively new phenomenon for SIG. Hence, most ministries lack an adequate M&E framework. It was prevalent that only MNPDC has a proper M&E framework installed purposely to monitor and support the implementation of the country's NDS. Thus, ministerial M&E data presents an unreliable picture of the performance of their budgets. What most ministries tend to do in their reports is use their budget consumption rate or percentage to indicate their performance. Even the PIMEU lacks an M&E framework as shared by a former PS:

> The PIMEU at OPMC also prepares monthly progress reports on the development budget. However, they depend on figures/data from the ministries to compile these reports. Also, the focus of this report is mainly on the utilisation of the funds. They

never get to measure the actual implementation. For instance, when they reported 60% of implementation it does not mean 60% of program implementation but rather 60% of budget consumption (Participant H1).

The technicality of PBB is also one of the key factors that constrain the implementation of s52 at the national government level. As shown above, the expenditure consumption report was used to report performance. The expenditure consumption report, however, was not an output or outcome related to the performance indicators that Ministries noted in their corporate plans or MTDPs. In a similar manner, reporting of the performance of the budget often was based on inputs rather than outcomes and impacts as commonly seen in the final budget outcome reports. Key implementing ministries tend to use rhetorical words for output and outcome. However, in reality, inputs were being measured as seen in the recent budget outcome report for 2018. These confusions reflect the complexities associated with PBB and the lack of supporting guidelines for the reform.

6.4 Chapter summary

This chapter presents an analysis of data pertaining to the national government to explain how the two NPM-related reforms (cash IPSAS and performance-based budgeting) have been adopted and hence practiced. The analysis illustrates three main factors that highlight the significance of the national government context. Firstly, the analysis of data pointed towards notions of power centralism which has a significant influence in the manner the reforms have been adopted in the PFMA and hence practiced. For instance, the incorporation of s38 from the old Act to avoid the disclosure requirements of the cash IPSAS standard. Similarly, the power held by the Cabinet in determining what goes into the annual budget estimates, coupled with the lack of new auditing reforms and the independence of the Auditor General. All these denote notions of power centralism which is prevalent at the national level and has greater implications for state apparatuses such as the legal frameworks that provide the basis of the reforms.

In Chapter 8, I provide the theoretical explanations for these using Foucault's discursive knowledge, and the dimensions of power in the practices of the self and governmentality. The next chapter outlines the analysis of data pertaining to the provincial governments.

CHAPTER SEVEN: GOVERNING THE PROVINCIAL GOVERNMENTS

7.1 Introduction

This chapter examines the adoption and implementation of the cash IPSAS and participatory budgeting at the provincial government level. The two reforms were part of the first phase of a joint program called PGSP (Provincial Government Institutional Strengthening Programme) in the period 2008-2012. The PGSP was jointly funded by the Government of Australia through the RAMSI (Regional Assistance Mission to the Solomon Islands), the European Union (EU), the United Nations Capital Development Fund (UNCDF), and the United Nations Development Program (UNDP) (PGSP, 2022). The implementing ministry is the Ministry of Provincial Government and Institutional Strengthening (MPGIS) with the support of UNCDF together with UNDP.

The programme for transformation of the provincial governments was part of a wider agenda for reforming the SIG's financial regulations. The PG system, since the establishment of the first local council (Malaita Council) in 1953, remained a *de facto* agent of the national government (Nanau, 1995). As discussed in Chapter Two, the conflict between the elected leaders from the two levels of government has been an ongoing struggle since the colonial era. To a greater extent, it influences the working relationship between the two governments. Coupled with an authoritarian style of leadership and the higher level of misappropriations involving the national government and the logging industry (Wairiu, 2007), it led to provincial assemblies resisting allowing their land and resources for development. This puts the national government in an awkward situation given that the effort for revenue collection is constrained by this political agenda. With the continuous call for self-government, the national government fears another ethnic tension arising if these political indifferences are not resolved.

7.2 Finance and management ordinance 2018 (FMO)

Section 34(4) of the PGA 1997 provides for the financial management procedures for the Provincial Governments which are consistent with the traditional cash accounting system in compliance with the repealed PFAA 1978. Section 34(4) prescribes matters to be included in the provincial government FMO. One of the matters is the establishment of financial management rules and regulations, including procurement, safekeeping, accounting for, and disposal of stores. In addition, the provision also authorises the establishment of subsidiary regulations to support the implementation of the PGA 1997. Accordingly, the FMO provides the financial framework that supports the overall implementation of the financial management regulations established in the PGA 1997. However, the PGA 1997 has not yet been reformed to align with the PFMA 2013.

The newly amended FMO was established in 2018 by the mother ministry, Ministry of Provincial Government and Institutional Strengthening (MPGIS). The cash IPSAS standard was set out in s63(2) which requires provincial governments to prepare end-of-year financial statements in compliance with the cash IPSAS standards. The financial statements comprise statements of cash receipts and cash payments and must be submitted to the Office of Auditor General (OAG) by 31 December. The Ordinance further provides for the preparation of disclosure requirements in Annex 4 of the Provincial Government Financial Instructions (PGFI) (see Appendix 8).

7.2.1 The Provincial Government Financial Instructions 2018 – (PGFI)

Similar to the National Account (main consolidated account), the PGFI also provides a set of financial instructions to guide the implementation of the PGFMO. With the adoption of cash IPSAS in the FMO, the PGFI has also been revised including new instructions to align with the cash IPSAS standards. In Annex 4, the PGFI provides for the disclosure requirements, most of which relate to the mandatory component of the standards. These include disclosure of accounting policies, reporting entity, controlling entity, external assistance, restricted cash balances, reporting currency, transactions in foreign currency, available cash for use, borrowings, and disclosure of other receipts and payments.

Furthermore, the provincial governments are also required to disclose information regarding third parties in accordance with IPSAS 20. This is prescribed in point 14 of the PGFI as follows:

i. The individual details;
ii. The related parties and how they are related;
iii. The nature of transactions they have been involved in;
iv. The amount involved during the period reviewed.

Provincial governments are required to disclose detailed information about third parties, for instance, the relationship between third parties and the entity, in this regard the provincial government officials. Similarly, payments made to and made by third parties are also required to be disclosed separately on the statement of cash receipt and payment and comparative budget statement. Furthermore, while the national account has delayed the application of consolidation standards, the PGFI prescribed in points (4) and (5) disclosure requirements for consolidation. This implies provincial governments are required to comply with the consolidation standards in section 1.6 of the cash IPSAS.

7.3 The provincial capacity development fund (PCDF)

The Provincial Capacity Development Fund (PCDF) is a funding scheme that is locally designed to promote and improve cross-sectoral planning and budgeting processes for the provincial governments in the Solomon Islands. According to the PGSP (2022), the PCDF framework was developed in 2008 by the PGSP using performance-based grants which require provinces to perform to a certain level in financial management in order to qualify for the annual PCDF allocation. The provincial financial accounts since 2008 have been subjected to an independent audit to determine their performance on an annual basis. The key objective was to regain the trust that was lost as a result of continuous noncompliance and misappropriation of public funds at the provincial government level. As highlighted by the PCDF Operational Manual (2022), the provincial governments have been known as the most problematic government agencies of the SIG with a continuous vicious circle of lack of funding, as less than 15% of the funds were often reported.

Accordingly, the first phase of the PGSP (2008-2012) focused mainly on developing and improving the capacity of the nine provincial governments with relevant skills. This included improving public expenditure through the establishment of transparent and accountable procedures. Moreover, building on the experiences of the first phase, the second phase of the PGSP (2016-2021) which by 2016 was fully funded by the SIG (Solomon Islands Government) had expanded the scope of the PCDF to include initiatives aimed at enhancing downward accountability and community participation. The objective is to align with the new focus of the PGSP which focuses more on improving government service delivery at the provincial level, consistent with the country's National Development Strategy (2016-2035).

7.3.1 Minimum conditions, performance measures, and triggers

Access to the development grants through the PCDF is conditional on a combination of compliance-related minimum conditions (MCs) that are performance-based and a set of defined triggers. Initially, in the first phase of the PGSP, the PCDF included 17 MCs aimed at building the capacity of the provincial governments. Gradually, the MCs have been reduced but with a broader condition aimed at promoting continued and improved performance in the areas of planning, financial management, procurement, governance, and project implementation. Triggers, on the other hand, are a set of defined qualitative measures that are associated with each MC. Provincial governments must also comply with the defined triggers in order for the grants to be released. Given that the performance measures (PMs) are qualitative, they set the benchmarks or indicators for the achievement of the MCs. These have been designed following SIG's financial regulatory frameworks such as the FMO and the PFMA. Access to the PCDF is conditional as provincial governments are required to meet all the MCs at the point of the assessment. Similarly, the provincial governments are also required to comply with the relative triggers in order for funding to be released on time.

The recent review of the PCDF held in 2020 resulted in incorporating performance measures that included performance-based budgeting to align with the PFM Act 2013. Similarly, the review also entailed incorporating the cash IPSAS standards. For instance, in the current 10 MCs, MC4 requires the submission of end-of-year financial reports based on the cash IPSAS format consistent with the FMO. Additional to this MC, it incorporates a set of related triggers as follows:

i. Was every part of the IPSAS Financial Reporting Framework complied with?
ii. Was part B of IPSAS cash FS disclosure requirements complied with including IPSAS 20 and consolidated entities?
iii. If the Province still maintains business entities, are the financial statements of the entity up to date?
iv. Is the account produced and audited by independent firms/auditors?
v. Has OAG been able to ascertain that the funds of the business arm (as public funds) are fully accounted for in that investment (a clean sheet)?
vi. Has any aspect of the business arm funds been used by the provincial executive for its operational or capital development purposes (apart from the dividend paid to the PG)?
vii. Are all provincial receipts disclosed in the FS including donated cash and donor funds received as cash or in kind, PCDF, and other funds paid into the PG accounts?
viii. Do the FS have a Note to the Accounts disclosing the PCDF expenses financed by development partners or does the FS clearly show the funding spent from these? (from the year where these were received) (PGSP, 2022, pp. 16-17).

The set of triggers aims to strengthen further compliance of the relative MC, in this regard compliance with the cash IPSAS standard. This means although a provincial government had satisfactorily passed the MC assessments, the release of the grant depends on compliance with the relative triggers associated with each MC. Similarly put, whereas non-compliance with the MCs will result in a lack of access to funds, for the triggers, noncompliance may lead to delay in funding or the lack of access to one or several grant releases/tranches. Appendix 9 provides for the revised 10 MCs including their associated triggers which were based on a recent PCDF Review held in 2022.

7.3.2 Grant allocation and assessment model

In terms of grant allocations, initially, in the first phase total annual grants were between SBD10-1m. The amount changed significantly over the years but mostly it sits between SBD 30-50m per annum. The actual allocation for each province depends on an assessment conducted by an independent assessor hired by the Ministry of Provincial Government (MPGIS). The assessment model is based on the relative and weighted/scaled performance formula and is in two parts: the basic formula (30%) and the performance component of the horizontal formula (70%). Regarding the first, allocation is based on a fixed equal share that is equivalent to a weighted average of 40 % and the remaining 60% is calculated based on the size of the population. The second, which is the performance component, involves weighing the scores of the provincial governments against the 70% grant allocation. This is where provincial governments must meet the MCs and their scores are weighed together against the 70% of the annual grant allocation.

Furthermore, there is also a grace period offered in the case where a reassessment is requested by a PG, for instance, where PGs are late in compliance with any of the MCs. Similarly, a penalty equivalent to reducing the basic allocation by 50% is also applied. This lost amount is normally reallocated amongst those PGs who have qualified with the MCs. In contrast, provinces that perform exceptionally, for instance, those who have complied with IPSAS 20 are awarded additional scores. This is a means to motivate provinces in their efforts to comply with the cash IPSAS standards.

7.4 Introduction of cash IPSAS

Initial discussions surrounding the introduction of cash IPSAS for PGs started in 2008 between the SIG and the PGSP. It was not until 2010 that the reform was formally introduced.

7.4.1 Need for improved accountability

The PGSP saw a need for the provincial governments to implement an accounting system that was internationally recognised. This was to regain the confidence that was lost as a result of poor compliance and accountability issues. Prior to 2010, provincial governments had been known for the continuous vicious circle of lack of funds, as often less than 15% of the funds were accounted for. Similarly, there was hardly any reporting, no auditing and follow-up, and weak planning, budgeting, and procurement. This led to increased non-compliance and poor accountability which left the provincial governments with no confidence from both the national government and the donors.

Given this circumstance, the first phase of the PGSP (2008-2012) focussed mainly on building the capacity of the nine provincial governments including the establishment of credible and transparent financial procedures and systems. This cemented the idea of introducing the cash IPSAS standard at the provincial level. In May 2010, the MPGIS together with the Office of the Auditor General (OAG) formally announced that all provincial governments were required to report using the cash IPSAS standard. In an attempt to localise the implementation of the reform, the PGSP created new positions. Two of the most significant positions included Finance Specialist and Provincial Capacity Development Advisor (PCDA). The objective was to recruit locally suitable, and qualified accountants to be stationed at each of the provincial governments to take leading roles in implementing the reform.

With an attractive employment package, the PGSP successfully recruited locally qualified accountants, most of whom came from the OAG and the Ministry of Finance. In fact, it had left the OAG short of staff as the package offered by PGSP was far better than what the auditors were receiving at OAG. Following the successful recruitment of suitable candidates, intensive training was conducted for all provincial officers. The training was headed by the PGSP together with the local staff at the MPGIS and the OAG.

7.4.1.1 Implementation challenges

Similar to other developing countries, the implementation of the cash IPSAS also became a challenge (Adhikari et al., 2015; Rajib et al., 2019). In this subsection, I have outlined the implementation of the reform based on the findings.

7.4.1.1.1 Capacity issues

Conducting the training at the provincial level was indeed a challenge for the MPGIS. Most of the provincial seconded staff including the provincial treasurers were not qualified accountants nor had the relevant educational background to implement international standards such as IPSAS cash, let alone the ruling MPAs (executives) in the Provincial Assembly. The Provincial Minister of Finance for one of the PGs shared his view of the cash IPSAS:

> Actually, the adoption of IPSAS is something we do not expect. In my view, yes IPSAS cash adoption is important for us, and I think everyone in the finance unit should be trained to understand how to apply it. The way I see it the accounting standard is too technical for us. Technical in a sense our staff needs to train more as I attended one of the trainings and I saw our staff do not understand it. Even the provincial treasurer I observed is not familiar with the system. The deputy PS and the rest of the finance team do not understand the system. Currently, the only two persons I see who are well-versed with the standards are the Finance Specialist and PCDF advisor (Participants P3).

The above demonstrates capacity issues at the provincial level which constituted one of the key factors constraining the implementation of the reform. However, with the newly recruited local expertise on the ground, all nine provincial offices were able to report using the standard by 2013. Below are major challenges experienced by the PGs with regard to the reform.

7.4.1.1.2 The MYOB accounting software

Following the announcement, there was also a change to the existing MYOB. However, the transition was not smooth although an expert had been hired. The installation of the new MYOB resulted in all the existing records in the old version being lost as there was no proper backup done by the expert who was hired. Almost all nine provinces have confirmed they were not able to do bank reconciliations given the previous cash balance had been lost. One of the Finance Specialists interviewed commented:

> For the MYOB, because of the migration where a lot of data was lost, we were not able to balance the figures in the system. We were supposed to begin with previous years' budget figures in the system, so it was a problem for us (Participant F13).

In addition, given that the MYOB was based on the accrual system, excel was used in conjunction with the MYOB. The Excel spreadsheet was used purposely for the recording of noncash transactions and balance sheet transactions such as accrued expenses and revenue due. This caused the provincial offices to raise concerns to the MPGIS that MYOB was not compatible with cash IPSAS. One of the PCDAs shared this comment:

> In terms of the MYOB, any system that has reporting tool that suits our system is what we need. MYOB does not have such reporting tool, so it is only partially useful for us. We have to extract and prepare reports using IPSAS format manually on excel. So, for the financial statement it is done on excel manually. My job is to extract from MYOB which is done by the deputy treasurer (Participant F12).

Evidence provided above suggests that the MYOB was of little use to the PGs. Given its accrual-based nature, PGs had to prepare financial statements manually using spreadsheets. Lack of capacity at the provincial level also constrained the usefulness of the MYOB. Incorrect data entry affected the accuracy of financial reports as in most cases the seconded staff (provincial treasurers) did the data entry into the MYOB. These problems indicate that the MYOB software is of little use to support the cash IPSAS.

7.4.1.1.3 Consolidation

According to the cash IPSAS standard (s1.6.5), a controlling entity should issue consolidated financial statements that consolidate all the controlled entities held by the controlling entity. Evidence from this study revealed that initially after the adoption of cash IPSAS, all provinces were unable to produce consolidated financial statements. For instance, in the Auditor General's Report for 2016, none of the provincial governments produced a consolidated report for their controlled entities. The key reason was that none of the controlled entities had submitted financial reports to the controlling entities. Consequently, the controlling entities were not able to comply with this standard.

One of the common issues identified for almost every provincial business arm is political interference. For most provinces, the MPAs view the business arms as their additional baskets of funds apart from the ward grants (prior to the new participatory budget reform in 2020). This was shared by a senior official at MPGIS:

> Because the provincial executives are politicians who are only in office for a short period of time, so they took advantage of established business arms for their political gain. We tried very hard to carry out reforms to improve in this area but there was a lot of resistance (Participant S1).

In another example, one of the senior provincial officials raised the issue of how MPAs abused revenue from provincial business arms:

> The business arm (name of business withheld) earns around SBD4m per year. The business arm actually is regarded as an ATM card for the MPAs. If they ran out of money at the provincial account, they would turn to the business arm (Participant F21).

Moreover, according to the Auditor General's audit report for 2019, only Central Islands Province was able to consolidate its accounts and hence was awarded an unqualified audit opinion. Three other provinces, Isabel, Choiseul, and Western have been all awarded with qualified audit opinions due to consolidation issues. This demonstrates the challenge the PGs face in the application of consolidation reporting consistent with the cash IPSAS. Lack of reporting and continuous mismanagement of business funds especially by the MPAs has constrained the efforts of the controlling entities in producing consolidated reports according to the cash IPSAS standards.

7.4.1.1.4 Political influence

Noncompliance as a result of political influence is prevalent for all nine PGs. The common ones include collusion in the procurement of provincial contracts, authorising payments of unbudgeted items, diversion of budget for politically motivated activities, and mismanagement of funds from the provincial business arms. These issues have been continuously highlighted by the OAG (refer to the 2019 audit report). In fact, noncompliance as a result of political influence has been considered one of the key challenges provinces face in complying with the cash IPSAS standards. A senior official from the OAG commented:

> What I observed for the provinces is the political influence that affects compliance with IPSAS cash, especially for payments. It is the main reason why provincial governments are having difficulty complying with IPSAS cash (Participant F23).

Noncompliance associated with political interferences as demonstrated above has significant implications, especially on the cash payments statement. Payments of such nature often do not have supporting documentation. In some instances, these are unbudgeted requests where the objective is political in nature. In most cases, when prior approval is being sought from the Provincial Secretary (PS), it becomes difficult to comply with checks and balances at the finance department. As a result, payments of such nature tend to lack supporting documentation. A senior provincial staff reflected on his experience in relation to political interferences:

> Politics is a challenge for us. We normally refer to the FMO whenever we battle with the MPAs. Normally, they would push their payments although the payments do not meet the requirements. I would show them the FMO and explain to them the requirements and so forth. Accountable officers such as the PS should be strong. Because often we try to halt payments but because the PS has already signed so battling with the MPAs is a problem as they will stand by the approval given by the PS. This is our challenge, and we think if the accountable officer is strict, it would make our job easier in terms of compliance (Participant F20).

This experience above demonstrated the challenges faced by the provincial governments in managing political influences. As demonstrated, the influence of local politics especially from the MPAs is prevalent in all nine provinces. Hence, provincial offices are faced with the challenge of striking a balance in ensuring officers do not face repercussions in trying to foster compliance. In saying this, this study found in some provinces (especially the bigger ones) there is a high turnover for key positions such as Finance Specialists and PCDA. This is because officers holding such positions get removed if they try to enforce strict rules and measures on the assembly members. For example, in one of the three bigger provinces, the PCDA lasted for only six months. After that, the province had no PCDA until 2022 when a new PCDA was recruited.

Based on the evidence gathered, the introduction of the cash IPSAS is a form of discipline for the provincial governments. The reforms incorporated with the PCDF framework provide a means for the national government to improve collaborations and coordination with the provincial governments. A senior official at MPGIS made a remark on this by stating:

> Prior to the existence of the reforms, there was no confidence in the PG system. The national govt seems to think there is no need to give PG resources and assigned responsibility to the PGs. So, the national government only gives funds for salaries and travel but not development initiatives (Participant S1).

As demonstrated by Participant S1, the national government has lost confidence given the lack of cooperation from the provincial government's key actors, the MPAs. Resentment towards change, and the continuous calls for a devolution of power and statehood have been ongoing since independence. Accordingly, it has been a challenge for the national government to collaborate with the provincial governments.

7.4.1.2 Positive reform outcome

Despite capacity and political issues, the findings from this study have shown significant improvements in terms of the level of compliance at the provincial level. This section outlines the key reform outcomes for the provincial governments.

7.4.1.2.1 Improved cashflow and cash management practices

The Provincial Financial Management Ordinance 2018 requires provincial governments to submit end-of-the-year financial statements to the Office of the Auditor General using the cash IPSAS standard. Most interviewees, especially the provincial offices' finance team, acknowledged how the new reporting requirement has been useful for decision-making. As stated by a senior official at one of the provinces visited:

> Reporting is every quarter for our divisions so at the end of the year divisions compile all the quarterly reports to produce the annual year-end report. It is working well as we were able to monitor the activities and our level of compliance on quarterly basis (Participant PE9).

A similar comment was also shared by the provincial treasurer for one of the bigger provinces visited:

> Reporting, we have fortnightly reports and monthly reports. Quarterly for the Ministry of the Provincial Government and monthly for our bosses here. This is one of the benefits of using the new system. Previously, we did not have such a reporting system (Participant PF7).

The above indicated how cash IPSAS has enabled the provincial governments to report on their financial matters on quarterly basis to allow them to prepare the end-of-the-year financial reports using the cash IPSAS template. It fosters for the first time a reporting culture that enables the Ministry of the Provincial Government to monitor their financial performance. For instance, through the quarterly reports, the Ministry of the Provincial Government can identify non-compliance or underperformance and take remedial actions to prepare provincial governments for the final year reporting using the cash IPSAS template.

Furthermore, most provincial actors highlighted how the cash IPSAS standard helps improve their cash flow statements, which have been a grey area for most provincial governments in the past. In particular, the bigger provinces (e.g., Malaita) often resort to borrowing from outside parties to pay for direct-wage employees because of poor cash management controls. As a result, it is rare for provincial governments to prepare bank reconciliation statements. For instance, in the Auditor General's annual report for 2010, none of the nine provincial governments prepared a bank reconciliation statement (OAG, 2011).

With the introduction of the cash IPSAS reform, provincial governments are required to prepare cash flow statements. Our evidence shows for the first time provincial governments have prepared bank reconciliation statements which improved their cash positions. As stated by the finance personnel for one of the bigger problematic provincial governments:

> For our cash flow, we now have a system established to monitor the cash in the bank to avoid running out of cash as was the case in the past. We currently do not have overdue payments as all our obligations such as NPF and PAYE are up to date (Participant PF4).

Another interviewee also shared:

> For payments, we maintain a weekly cash balance on a spreadsheet. All payments are captured on this which we then reconcile with our bank balance. Always, we ensure that we remain within a certain limit in terms of payments, so we do not run out of cash (Participant PF10).

The introduction of cash IPSAS has prompted the establishment of strict cashflow measures that have enabled the provincial governments to manage their cash and pay their obligations when due. Our evidence also shows how provincial governments for the first time have been able to communicate and report their true cash position which they rarely did in the past.

7.4.1.2.1 Improved accountability and transparency

Interviewees at the national level seem to think that it is only appropriate to apply sanctions to the provincial governments. A senior official in one of the line ministries stated, … "*The incorporation of sanctions is the only way for change to happen*" (Participant SN6). Consistent with this view, the majority of respondents at both levels acknowledged how the minimum conditions had been effective in instituting change at the provincial government level. As evidenced in the Auditor General's report for 2017, by 2016 three provincial governments had obtained unqualified audit opinions while qualified opinions were given to two other provinces because of issues in consolidation (OAG, 2020). Three provincial governments still maintained disclaimer audit opinion.

Furthermore, the Auditor General's report for 2016 and 2017 revealed significant improvements (OAG, 2020). This implies the provincial governments had been able to comply fully with the cash IPSAS requirements despite resistance and capacity issues at the provincial level. A senior Ministry of Finance and Treasury official commented, "*Currently the provincial governments are ahead in terms of the cash IPSAS while the national government is lagging*" (Participant SN7). This study argues that the imposition of the sanctions in the PCDF has been instrumental in supporting the efforts of accounting in facilitating change through cash IPSAS. More important is how this was able to institute change in a government institution with a resistance to change culture.

7.5 Participatory budgeting

This section discusses the adoption and practice of the new participatory budget reform at the provincial government level. The section first provides a brief outline of the budget system prior to the reform which is consistent with the repealed PFAA 1978. Discussion on the new budget reform is then provided with theoretical interpretations from Foucault's disciplinary power.

7.5.1 Overview of provincial budgeting system

Prior to the establishment of the new budget changes in the FMO 2018, budgeting for the provincial government follows the traditional 'line item' budgeting as prescribed in the FMO 1983, consistent with the budget regulations in the PFAA 1978. Preparation of the annual estimates rests with the provincial executive where the executive decides on the estimates of revenue and expenditure and programs to expend the budget on each year. As prescribed by the FMO 1983, the draft estimate upon endorsement from the provincial executive is made available to the Provincial Assembly at least two weeks before the Assembly Budget Meeting. The Premier then presents the draft estimate in the form of an Annual Appropriation Bill to the full assembly at the annual budget meeting.

The old Ordinance however does not provide specific time frames to aid the preparation of annual estimates. Coupled with the lack of an oversight body in the provincial setting, there were significant problems in budget formulation and implementation. For instance, the size of the fiscal transfers to provincial governments has declined from 4.4 percent to 2.9 percent of the national budget since 1996 (PGSP, 2022). This is associated with an increasing misappropriation of provincial funds by the executive and the assembly members as indicated in the audit reports (e.g., audit report for 2010). This led the MPGIS to introduce a participatory budgeting system in the newly amended FMO 2018 for the provincial governments. Equally important is the objective or rather the key agenda behind this budget reform. Evidence held by this study pointed towards the battle for power between the two levels of government as one of the underlying forces behind this reform. For instance, most senior officials and MPAs interviewed shared comments on the unfair application of financial regulations, although they seemed to acknowledge the advantages of the participatory budgeting system. In the subsections below, I discussed the adoption of this new budgetary reform and how the budget reform was used by the national government as a disciplinary tool at the provincial level.

7. 5.2 Introduction of participatory budgeting (PB)

Part 2 of the newly amended FMO 2018 contains budgetary procedures and processes aimed at improving the existing regulations in FMO 1983. In s5(2) the Ordinance provides for the preparation of the draft estimate

The provision above pointed towards a participatory form of budgeting. The provision requires the participation of provincial planning and development committees and ward development committees. Similarly, the provision also requires the input of provincial heads of divisions, planning committees, and relevant provincial employees. This implies a move away from a budgeting system that is highly centralised. Furthermore, the provision also introduced a participatory government structure for the local governments. The establishment of ward development committees implies 'participatory governance', a vital ingredient for the successful implementation of a participatory form of budgeting.

7. 5.3 Establishment of ward development committees (WDC)

The participatory reform was initiated in 2011 by the PGSP within the MPGIS. The objective was to remove powers over ward grants from the members of the provincial assembly (MPAs) and channel the grants through the established WDCs. Ward grants which are equivalent to 15% of the recurrent revenue for each province is disbursed on a monthly basis to support WDC projects. Prior to the reform, disbursement of the grants is through the ward bank account whereby approval of ward grants applications including the signatory of the bank account rests with the MPA (similar to the RCDF). Given their discretionary nature, the ward grants have become problematic and have become one of the key contributing factors leading to poor accountability at the provincial level. Similar to the RCDF, the ward grants also facilitate a space for patronage and clientelism in the same way MPs have used RCDF and specific Special Funds of similar nature.

In 2011 the PSGP presented a Policy Paper suggesting a Participatory Governance Model for the PGs to the Cabinet. Upon Cabinet's approval, it became a policy that required the establishment of a WDC for each provincial ward. Depending on the size of the provinces, some provincial governments have more WDCs than others, for instance, Malaita being one of the largest provinces has a total of 33 wards. The arrangement for WDC is to appoint 17 members from the wards. These include a chairperson, a treasurer, a secretary, a representative from women's groups, and representatives from the youth and other key elders from the ward. In line with the Policy Paper, the MPA became the 18th member by default. The Policy Paper further stipulates that MPAs are not allowed to take an active role in decisions relating to ward projects. In addition, MPAs have been removed as signatories from the ward bank accounts. The appointment of the WDC members, however, rests with the provincial administration. Ideally, in theory, each community within the ward should have a representative in the WDC which must be gender inclusive.

The key function of the WDC is to take on the responsibility of community development projects at the ward level. Incorporated in this function is the budgeting responsibility for the ward grants. This includes identification of ward projects, formulation of estimates, implementation, and reporting. The WDC members are expected to meet to formulate a three-year plan that forms the basis of their annual workplans. The three-year plan comprises mini projects and other community initiatives aimed at supporting villages and communities within the wards. For instance, the building of staff houses for community schools and clinics. Similar to the provincial budget for the devolved functions, the three-year plan must be submitted to the Provincial Planning and Development Committee (PPDC) for further scrutiny before the draft is endorsed by the Provincial Executive.

The PPDC is another committee that is also established on a voluntary basis, similar to the WDC. It comprises of all the chairpersons for the WDCs and representatives at the provincial centres such as women representatives, representatives from the provincial NGOs and a church representative. The core function of the PPDC is to provide budgetary oversight and scrutiny for the ward grant budget submissions before the estimates are endorsed by the provincial executive. Consistent with the Policy Paper, the PPDC has a mandate to make changes, request further clarifications and can make recommendations. The provincial executive in this regard is only to endorse the draft that is approved by the PPDC. Upon endorsement, ward grants can be disbursed in four equal instalments (quarterly tranches). However, the Policy Paper requires the full retirement of the first tranche before the second or subsequent tranches are paid. This poses a challenge for the WDCs given the level of education held by most members of the WDCs. Often the Chairpersons are high school leavers with no tertiary educational background. Training is thus a challenge with this level of literacy at the ward levels. A senior official at one of the PGs mentioned:

> Implementing these policies and ensuring the WDCs work towards the policies is indeed a challenge. Appointment of the WDC members, the qualities required to implement these policies is an issue. For instance, during trainings we find that literacy is very low, so it is difficult to train the WDC members. So, identification of projects according to their priorities is difficult for them. As per the blueprint, they have to identify the project and align it with their overall three-year medium-term plans. This is the difficult area of their role as WDC members. Because of the level of literacy at the wards it requires us to travel more often to ensure the policies are implemented according to the blueprint. However, logistically it is a very expensive exercise. We try through communication mediums such as phone conversations and sending them notes. But understanding what is communicated is a big problem. It still requires us travel down to the wards. This is one of our key challenges in implementing this policy (Participant H7).

Low literacy coupled with financial issues as identified above constrain the three-year rolling plans. A chairperson for one of the WDCs also expressed:

> Retirement of ward grants is a challenge for us WDC members. We are making every effort to retire the first tranches in order to qualify for the second which delays our three-year rolling plans (Participant W1).

Apart from issues related to low literacy, the findings of this study also showed that political influence is still prevalent in a lot of WDCs across the provinces. Although the policy tries to restrict MPAs from taking an active role in the WDC functions, evidence from this study revealed that MPAs still have the upper hand in the WDC functions in a lot of wards.

A senior seconded staff in one of the PGs shared a comment on this:

> The establishment of WDC is actually new as it was only implemented in 2019. The appointment of members although in black and white (policy) it was supposed to be independent. However, in reality, it seems to be politicised as we have witnessed in most WDCs in Malaita. As observed, the MPA still has the upper hand in the appointment of the members including the executives (Participant H8).

The above which is also found in other provinces indicates gaps associated with the Policy Paper. The appointment of members for the WDC is still politicised. However, given that the Policy requires the submission of retirement, it renders some form of compliance despite political interferences. Furthermore, given the effectiveness of the provincial M&E, coupled with the establishment of technical persons on the ground (e.g., one Planning Specialist for each province to support PCDAs) the MPGIS was able to respond immediately to early signals. In 2022 two donors, the World Bank, and the European Union, confirmed their financial support for this initiative by funding a new position starting in 2023 called the Support Officer (SO). The new position or SO will be stationed at each ward to support the implementation of the WDC functions. The aim is to address some of the literacy issues and to minimise political influence over the appointment of WDC members.

Apart from the already mentioned challenges, a majority of interviewees at the provincial level seem to understand the key intentions of this reform. For instance, a Women's Representative at one of the provincial centres made a comment in support of this reform:

> Regarding the participatory budgeting I think it is one of the best by far. I have seen the direct impact of services at the rural. Unlike in the past, there is very little impact on people in the rural areas. I have seen little things happening…... for instance, I have seen rural people started venturing into piggery projects, small canteen, and other income generating

activities are happening. I also noticed women participation within the wards in small income generating activities (Participant H10).

Rural ward members were also interviewed to seek their understanding and opinion of the new budgetary system. The majority mentioned and shared similar comments stating it is a good system that will benefit them rather than the MPs disbursing the grants. Other retired public servants residing in the wards also echoed the need for more training and advocacy at rural level as the reform is still new and will take some time for rural people to fully understand its importance. A central theme noted by the majority of rural interviewees including seconded staff is the appreciation that MPAs have been removed as signatories from the ward bank accounts.

7.6 Concluding summary

This Chapter presents the findings in relation to how cash IPSAS and participatory budgeting have been adopted and practiced at the provincial government level. The findings show that while the national government is struggling to implement the cash IPSAS reform, this is not the case for the PGs. The findings illustrate the integration of the PCDF as the key factor that promotes the adoption of the reforms at the provincial level despite capacity issues. As discussed, the PGs have been conditioned to apply the reform in order to qualify for PCDF annual grants. Accordingly, the PGs strive to maintain the required level of compliance to avoid disqualification from the PCDF assessment. The level of compliance has been significant as reported by the Auditor General, implying that the PGs have been able to comply fully with the IPSAS requirements despite capacity issues faced at the provincial level.

In a similar vein, participatory budgeting has also been found to produce positive results at the provincial level. Most of the interviewees at the provincial level expressed their appreciation for the reform. Despite starting issues, the reform has been institutionalised without protests, especially by the MPAs. The findings show how the MPAs have accepted the reform without public or media protests as was expected, given the removal of ward grants from their disposal. The PCDF was instrumental in the successful implementation of the new budgeting system as ward members have taken the budgetary decision role for ward grants. Foucault’s disciplinary power will be used in the interpretation of these findings in the next chapter.

CHAPTER 8: THEORETICAL DISCUSSIONS

8.1 Introduction

Government programmes are the ideal schema for ordering social and economic life programmes. They are not simply applied through techniques such as accounting and national policies with an emphasis on morality but are designed to address diverse problems of a nature which can be political, spiritual, military, pedagogic, and familial (Miller & Rose, 1990). Miller and Rose (1990) pointed out that the programmes of government constitute a space within which the objectives of government are elaborated, often with conflicting goals, and are implemented through various techniques which are often not aligned.

This chapter discusses and interprets the findings from the previous two chapters using Foucault's power dimensions in technologies of the self, governmentality, and disciplinary power. There are two parts to this chapter. The first draws on Foucault's concepts of discursive knowledge, the concept of the self, and notions of governmentality, including the extended version by Rose and Miller (1992a). The aim was to interpret and gain an understanding of the informal power structures that are embedded within the formal systems (state laws, regulations, and processes) in the Solomon Islands government. These informal power structures have been dominant in conceptualising the mode of governing for the Solomon Islands Government, which has hindered the objectives for improved accountability and transparency entailed in the reforms.

In the second, Foucault's disciplinary power was used to interpret the findings in relation to the provincial government. At the provincial level, accounting as a calculative technology was influential in normalising the problematic provincial governments. Altogether, the mentioned elements of Foucault's concepts of power/knowledge provide the lens for interpreting the first two research questions (RQ1 and RQ2) that seek to provide an understanding of *how* and *why* the reforms have been adopted and implemented in a certain manner. Fig. 5.1 in Chapter 5 depicts this theoretical analysis to provide a richer basis for the research conclusions drawn in Chapter 10.

The final section outlines the summary of the chapter highlighting the complexities of the Solomon Islands Government domain and the role of accounting in facilitating change through the reforms. The final two research questions (RQ3 and RQ4) that seek to examine the reform outcomes and implications are discussed in the next Chapter (Chapter 9).[16]

8.2 Discourse of governing

The findings in the previous two chapters pointed towards PAE as the most influential factor in reform adoption and implementation in the Solomon Islands. PAE as discussed in Chapter 2 is a significant feature of the bigman system which co-existed with state laws and regulations that formed the formal system of governance in the Solomon Islands. This section draws on Foucault's concept of discursive knowledge and the elements of the self to explain how the bigman system is historically embedded in the Solomon Islands kastoms and its influence on state laws that provide the basis for public sector accounting in the Solomon Islands. Specifically, this section seeks to unfold how the PAE emerged as a form of knowledge/power and is used as a governing tool for the rural Solomon Islands population. These theoretical analyses of the PAE are in three parts: 8.2.1, 8.2.2, and 8.2.3.

8.2.1 Multifaceted role of parliamentarians as a form of discursive knowledge

Foucault's view in relation to power/knowledge is the truth that is attributed to knowledge which is a form of discursive power (Rouse, 1994). In his work on the *Archaeology of knowledge* (1972), knowledge goes beyond the technicality of *know-how* to include social, historical, and political conditions that provide the basis of what is considered true (McHoul & Grace, 1998). Discourse does not only mean language or social interaction. It is rather a form of power that attributes truth to the historical conditions of social knowledge (Garland, 1986; McHoul & Grace, 1998). The multifaceted role of Members of Parliament (MPs) that provide the basis of the PAE is a form of discursive knowledge that is historically embedded in the local kastoms of the Solomon Islands. This sprouts from the practices of the *headmen* that exemplify the elaborated self and have become part of Solomon Islands kastoms. Kastoms as discussed in Chapter 2 is a discursive knowledge and is influential in conceptualising and articulating ways of living for Solomon Islanders. Consequently, the Solomon Islands Government's mode of governing is also determined by notions of kastoms.

[16] Rationales for using Foucault's concepts of power/knowledge are provided in Chapter 3 (theoretical framework chapter).

In line with the above perspective, this study identified the multifaceted role of the Member of Parliament as the provider and source of livelihood for the people as a form of discursive power/knowledge. As previously mentioned, this is associated with the bigman leadership where the bigman takes responsibility for his flock. Hou (2016) stated that rural people look to the MP as the provider, especially in times of difficulty such as death, and for providing key infrastructure services in the rural areas such as roads, wharves, drinking water sources, and solar lights. As Hou (2016, p. 2) stated:

> In the Solomon Islands, the MP has a multifaceted role that stretches from benefactor to legislator. Everybody sees the MP as the embodiment of the entire constituency and everything to do with it. Everybody believes they have a right to the MP. Everybody demands a bit of the MP. They believe the MP has the answer to all their questions — mostly requests for financial assistance in nearly anything. They travel to Honiara to see me and when I am in the village they travel there to see me too.

The multifaceted role of MPs hence constitutes a form of discursive knowledge that entails power relations between the MP and the people who put him in power. This led to the establishment of PAEs in the early eighties. As Fono (2007) put forward, MPs should not only talk on the floor of parliament but they must be seen as directly responsible for delivering services to the people.

This study further puts forward that while PAE includes practices of the self as a result of freedom, it also entails notions of ethics. Ethics as Foucault defined, is the way one ought to conduct oneself in reference to the prescriptive elements that make up a code as an element of the self (Foucault, 1988). Thus for Foucault, the new self is embedded in a relationship that one has with oneself which is constituted in the notions of ethics (Foucault, 1988). For this study, PAE as a practice of the self is grounded on reciprocal norms and values. This form of ethics is based on the reciprocal norm that "*no one gets anything for nothing*" (Bennett, 1987). In the contemporary bigman or political context, reciprocal relations between the MP and the people are linked with political allegiance. As discussed in Chapter 2, political allegiance is a form of obligation between the MP and the voters and is facilitated through mechanisms such as the PAE.

8.2.2 PAE: Practice of the *self*

As mentioned above, PAE can be seen to resemble Foucault's practices or technologies of the self. Technologies of the self are attributed to the practices of freedom that is associated with the elaboration of oneself after struggles for freedom from subjectivity (Foucault, 1984, p. 283). Individuals actively constitute themselves through practices of the self. For (Foucault, 1988), the primary concern of his concept of the self is how individuals create their selves and realise their desires. In the case of the Solomon Islands, PAE denotes technologies of the self practiced by the early headmen in an attempt to elevate themselves against their rivals, the provincial elders. It thus led to the creation of new and elaborated practices of freedom, and PAE was one of the significant practices of this elaborated self. Similarly, the pursuit of the self is driven by political objectives associated with competition for power between provincial rivalries. Cox and Morrison (2004) pointed out that although Solomon Islands' Constitution allows for traditional leadership to be formally recognised in the provincial structures, this has never been implemented. The role of traditional leaders, therefore, is mostly restricted to land issues and little consideration has been given to its formal recognition within provincial laws.

The self is also an attribute of subjectivity. Subjectivity for Foucault refers to the techniques used for the constitution of the self (Kelly, 2013). As Foucault stated, "The human subject itself is an effect of, to some extent, subjection" (McHoul & Grace, 1998, p. 3). It thus refers to the practices of freedom individuals attain as they are freed from domination. Relating this to this study, subjectivity provides a means for the early headmen to establish PAE to elevate their selves after being freed from their colonial masters (BSIP). The extended version of wantokism is thus a vehicle used for facilitating the techniques or practices for the constitution of the self, which in this regard is the PAE.

Furthermore, Foucault's view of subjection as McHoul and Grace (1998) describe, also applies to particular, historically located, disciplinary techniques and concepts to which an individual is subjected and that one that restricts the individual from thinking otherwise. The processes and techniques that individuals use to construct themselves allow individual subjects to tell the truth about themselves. For this study, the establishment of PAE was a technique or practice the contemporary headman or MPs used to reinstate their leadership. This is related to the resentment the people have for their leadership which is authoritative and counter to the traditional clan-based system. As discussed in Chapter 2, Solomon Islanders (headmen) who were involved in the affairs of the colonial administration (BSIP) were not participants but were rather passive subjects answering to the needs and demands of the colonial institution (Alasia, 1997). Accordingly, it caused many Solomon Islanders and especially the provincial elders to resent this style of leadership from the national government. Coupled with increasing misappropriations in the forestry sector involving collusions with foreign loggers, it created devastating impacts on the image or the self of some key leaders in the national government (Cox & Morrison, 2004; Wairiu, 2007). The PAE therefore is one of the practices of the self that was established as an attempt to regain trust and confidence from the people which in this regard constitutes the ethical considerations of the self that were associated with the national government.

8.2.3 PAE as a form of governmentality

The above illustrates PAEs (e.g., RCDF) as a practice of the self. As discussed, it was established by the contemporary headmen to reaffirm their leadership status. Crucially important is the ethical consideration which in the local bigman context is vital for upholding reciprocal relations and loyalty between the MP and the rural people. Consistent with this view, it prompts the SIG to formally recognise PAE as a form of governmentality, especially for the rural and marginalised population. Hence, the establishment of the MRD (Ministry of Rural Development) and the relative CDF Act 2013 to formally recognise and facilitate this objective.

The link between cultural practices and governmentality was elaborated by several scholars (Barnett, 1999; Bennett, 2010). According to Craik (1995) cultural policy refers to the range of cultural practices, effects, and forms of circulation and discharge techniques that are mobilised to form state policies. It seeks to unpack the politics of culture in more precise ways that enable more effective critiques, engagements, and interventions. As Barnett (1999) put forward, it is a means of governing contemporary processes of cultural subject-formation which serves as a practicable entry-point for the transformation of conduct. PAEs thus are a form of governmentality that was aimed at governing the thoughts or mentalities of the rural population. As discussed above, the resentment by the rural communities towards the early headmen prompted the establishment of PAEs to reverse this mindset. Accordingly, the PAEs are framed using rhetorical terms *Rural and Livelihood Programs* and *Peoples Budget*. The aim is to install a duty of care mindset targeting especially the illiterate and marginalised population in the rural areas.

The PAEs facilitate a form of governing at a distance (Latour, 1987) for the rural population. Foucault (1984) highlighted that governmentality covers range of practices that individuals in their freedom can use in dealing with each other. Moreover, a central feature associated also with this modality of governing is ethics. Recognising the importance of ethics, efforts have been taken by the SIG to legitimate the PAE through the establishment of MRD and the relative CDF Act 2013. Similarly put, it is a means to formally recognise the MP's multifaceted role so as to create a new mindset, one that recognises MPs as the sole providers who answer to the needs of the rural people.

Miller and Rose (1990) put forward that in governmentality, the state becomes a particular form that the government has taken which does not exhaust the field of calculations and interventions that constitute it. The state in this regard is not viewed as giving rise to government. Rather, Miller and Rose (1990) pointed out that what is more important is to consider the ethical considerations whereby different authorities can consider something to be legitimate, feasible, and necessary to conduct interventions. This argument encapsulates the views of minorities towards government as constituting diverse powers and knowledge. Analysis of policies or programmes hence does not only depend on formal systems of evaluation aimed at uncovering factors leading to failures (Williams et al., 1986). Rather, it also requires the need to analyse and evaluate programmes within a wider discursive field. Consistent with Foucault's concept of governmentality, political rationalities are not limited to the state but also view discourse as a technology of thought that provides the guide to policies and programmes (Foucault, 1991; Miller & Rose, 1990). It is within this perspective that the programmes of government in relation to Solomon Islands Government's rationalities towards PAE have been elaborated and formally established.

In the subsections that follow, I have discussed the national government domain that comprises diverse programmes and rationalities. The aim is to highlight the complex nature of the domain which lead to the failure of the two reforms (cash IPSAS and performance-based budgeting) at the national government level.

8.3 Programme for improved accountability and governance

Public sector accounting reforms under the NPM such as the cash basis IPSAS and performance-based budgeting (PBB) are technologies that have been employed rationally to achieve certain ends. The two reforms denote technologies of government that aim to modernise the accounting regulations in the old Public Finance and Audit Act 1978. The reforms include private sector concepts such as accrual accounting and performance measurement principles that are aimed at enhancing the fiscal discipline of public funds and efficient service delivery. These private sector doctrines that were ingrained in the NPM framework are modernised technologies for effecting change. As a regime of practice, this section of the chapter pays attention to the rationalities, programmes, and technologies (Miller & Rose, 1990; Rose & Miller, 1992b) that inform the reforms in the context of the national government.

8.3.1 Rationalities for improved governance

Government includes a programmatic aspect that is termed political rationalities (Miller, 1990). Political rationalities can be a field of statements, claims, and prescriptions that outline the aims and objectives of government. The reforms formed part of the strategies of the SIG that are entailed in the country's NDS. The country's NDS provides the strategic direction for future development for twenty years. The overall aim is to provide a longer-term framework for planning and the implementation of the global Sustainable Development Goals (SDGs). In the previous NDS (2011-2020) that reflected the post-conflict period, the overarching vision of the SIG was a united and vibrant Solomon Islands. Reforms are key to the successful implementation of this strategy. The 2011-2020 NDS (eighth objective) thus highlighted the significance of good governance reforms aimed at setting clear directions for the SIG to improve accountability and efficiency of service delivery which is a vital ingredient for the achievement of RAMSI's revitalisation programme.

8.3.2 Programme of improved governance: the PFM Act 2013

Programmes are not simply the formulation of plans for governing. Programming as Gordon (1987) put forward involves outlining the claim to a certain knowledge of the sphere or problem to be addressed. Knowledge of the problem is an important element in the programme that seeks to exercise legitimate and calculated power over programmes (Rose & Miller, 1992b). Rose and Miller (1992b) further added government in this regard is a problematising activity that poses the obligations of rulers in terms of the problems they are seeking to address. Programmes of government are therefore linked to the problems for which government seeks to provide solutions.

As a form of programme for the SIG, the reforms that were introduced in the PFMA 2013 seek to revive and strengthen fiscal discipline and governance after the collapse of the economy following the ethnic unrest. Reforming the PFAA is one of the programmes of government (amongst many others of similar nature) foreseen by development partners as relating to the mentioned problem. The old PFAA 1978 which provided the financial framework for public sector accounting in the Solomon Islands was adopted after Independence in 1978. As discussed in the previous chapter, the old Act has been identified as weak in enhancing accountability of public funds and in addressing SIG's post-conflict problems.

8.3.3 Technologies of improved governance: cash basis IPSAS and performance-based budgeting

The term technologies as put forward by Miller (1990) refers to the wide range of calculations, procedures, and mechanisms of government. Rose and Miller (1992b) defined it as a domain of strategies, techniques, and procedures through which different forces seek to render programmes operable. Using a multitude of connections, different programmes are established between the aspirations of authorities and the activities of individual groups. Technologies of government thus refer to the heterogeneous mechanisms through which political rationalities and the programmes of government that articulate them become capable of deployment. Technologies of government in this regard complement the programmatic aspects of government through processes and activities derived from specific bodies of knowledge. As Miller (1989) highlights, these specific practices or techniques, and their rationales are linked to particular programmes of government and the appropriate mechanisms through which they can be exercised.

Accounting plays a crucial role as a technology of government. According to Mennicken and Miller (2012), there is a conjoint disciplining effect of accounting numbers. Such as accounting numbers, their involvement in the production of neoliberal subjectivities, and their contribution in a particularly personal way to the economising of the entire social field. The enactment of the PFMA, including the two accounting technologies under the NPM, acts as a disciplinary mechanism for SIG's revitalisation strategies. The continuous misappropriation of funds highlighted annually by the Auditor General presents problems that also need disciplinary solutions for achieving the *governable persons* objective (Mennicken & Miller, 2012). As Hoskin and Macve (1988) assert, accounting rules, records and figures, and discipline operate side by side in a reciprocal pattern of mutual reinforcement.

Prior studies have shown how the reciprocal link between accounting and discipline was able to institute change. For instance, in a prison setting accounting numbers were instrumental in the reconstruction of deviant persons to become obedient citizens (Bigoni & Funnell, 2015). Lamb (2001) also found how routine practices involving filing of annual income tax was effective in enabling individuals to become *calculable persons* (Foucault, 1977) and become accountable to tax laws. This same rationale was also held by the donor partners that pursue SIG to undertake new accounting systems inspired by the principles of NPM as a means of facilitating discipline within the SIG. However, as we will see in the discussion below, this objective has not been achieved, especially at the national government level. The reciprocal linkage between accounting and discipline was obstructed by dominant power systems that are associated with the PAE.

8.3.4 Domain of conflicting rationales and programmes

In this sub-section, I will discuss how the two accounting technologies have been countered by dominant informal systems that co-exist with state structures in the Solomon Islands. The aim is to show the complex nature of the SIG national domain and its implications for accounting systems inspired by the principles of NPM. Foucault's concept of governmentality including the elaborated version (Rose & Miller, 1992a) are used interchangeably to frame these discussions. In particular, the use of Foucault's power dimensions in governmentality is significant as it shows the manner in which SIG sought to govern programmes with conflicting rationalities. In doing so, this discussion facilitates an understanding that explains the findings in Chapter 6.

Evidence in Chapter 6 has identified the existence of PAE as the most influential factor hindering the implementation of the two NPM inspired accounting reforms at the national government level. PAE as described in the earlier sections of this chapter is an attribute of the bigman system. Consistent with Foucault's concepts of power, it is a practice of the self that was established by the early headman as a means of reaffirming their leadership status within their political boundaries. Since its establishment in the early 1990s, it has become a mode of governing or governmentality for the rural population. As Miller and Rose (1990) pointed out. governing that operates through subjects is a personal matter and many programmes have sought the key to their effectiveness in enrolling individuals as allies in the pursuit of political, economic, and social objectives. This is the case for SIG where PAE has been used as a technology of governmentality to facilitate the political rationalities held by the political leaders in the national government. Accordingly, governing the rural was hijacked from the provincial governments that seemingly have the appropriate structure for facilitating rural and livelihood programmes in the Solomon Islands.

In line with this view, PAE has become an effective means of governing the rural in pursuing the political rationality held by the elites in the national government. The existence of PAEs together with SIG programmes that were entailed in the country's NDS (National Development Strategies) indicates a domain comprising a wider discursive field of programmes (Foucault, 1991). This field of discursive programmes is tied to particular practices of power through the development of the modern state (Elden, 2007). Accordingly, the rationalities for accounting technologies that were framed in the PFM Act do not operate independently but were also linked with the social and informal programmes and rationalities that co-existed with state structures and laws.

Besides the rationalities for governing the rural population, programmes of the SIG also included rationalities for enhancing good governance which would lead to improved fiscal discipline and accountability. Accounting plays a crucial role, as a technology of government, in achieving this rationale. As Mennicken and Miller (2012) stated, that accounting is both inherently administrative and political and is at the heart of what Foucault called the calculated management of life. Viewed as calculative technology, accounting can be mobilised by a variety of political programmes for intervening in both economic and social life. Hence, SIG's donor partners see the need to introduce modernised accounting practices as a means of achieving SIG's post-conflict revitalisation goals.

However, Burchell et al. (1985) pointed out that the rationales that articulate roles for accounting are typically not found in the routines themselves. Rationales for accounting through routine calculative practices are also dependent on the situations and conditions in which they are deployed. Accounting rationales mediate and translate between concrete situations amendable to certain types of intervention and forms of calculation available for applying them (Miller, 1990). It is within this complex nature of government that Rose and Miller (1992a) emphasised that programmes of government had become the realm of designs put forward by expertise that sought to configure specific locales and relations in desirable ways. In the case of the SIG, the introduction of the reforms in the PFM Act does not exist alone. Rather, accounting technologies co-exist with dominant informal systems such as the bigman system. Accordingly, as discussed in Chapter 6, the accounting technologies were not able to render notions of a *governable person* at SIG's national government.

These results were commonly found in similar settings like the SIG where accounting was not able to institute change through international best practices such as accrual basis accounting and performance measurement principles (Adhikari et al., 2021; van Helden et al., 2021). As evident in Nigeria, the accrual basis IPSAS was found to be countered by dominant patrimonial agendas held by political leaders with regard to the sale of government fixed assets (Bakre et al., 2017). Similar to SIG's case, good governance and accountability initiatives stemming from international best practices such as IPSAS and performance-based budgeting were not able to intervene as calculative techniques. Despite attempts to link these with the different programmes that exist at the national government domain, in SIG's case accounting technologies have been found to have rationalities conflicting with those of the PAE that denotes SIG's mode of governing the rural. This suggests SIG is faced with a situation that Lemke (2001, p. 191) described as conflicting notions of *governing and modes of thought.*

For programmes of accounting, Miller (1990) emphasised that the linkages between accounting and the state are viewed as reciprocal relationships between and within two loosely assembled sets of practices. Often state rationalities and those of accounting are not aligned. This is common in developing countries with strong cultures and historical backgrounds like the Solomon Islands (Assad et al., 2016; Bakre et al., 2022). Thus, although Miller (1990) maintained that accounting can be understood as a process of attributing financial values and rationales to a wide range of social practices, evidence from this study shows otherwise. As revealed in Chapter 6, this potential of accounting has been weakened by the political rationalities associated with the informal systems that co-exist and play dominant roles in influencing SIG's modes of governing. Moreover, for the Solomon Islands, the political rationalities of government that are associated with the PAE include a moral form which often leads to riots and protests if SIG does not uphold the moral values. Coupled with the coercive pressures from donor partners, the SIG national government domain becomes a complex discursive field of thoughts, rationalities, and programmes.

According to Miller and Rose (1990), the failure of some programmes is related to individuals hijacking, altering, and interfering with the aims of the programmes. This is the case for SIG where politicians at the national government have hijacked programmes for governing the rural from the provincial governments. Similarly, tabling of the CDF Act 2013 is a form of interference with state laws adopted from the Westminster system. For the contemporary bigman or the MPs, the act of interfering with state laws and systems is not considered to be immoral. What is considered immoral is failure to fulfill their duty of care to the people. This view is based on notions of kastoms where Solomon Islanders view Western systems and structures as foreign (Gegeo, 1994a). In the SIG context, kastoms is a form of discursive field that is very influential in conceptualising and articulating ways of ruling. This explains why the RCDF payments rarely follow SIG financial rules and processes. Strict financial regulations and processes at the Ministry of Finance are viewed by the MPs as a hindrance to the timely fulfillment of their duty of care to the people. This is also why MPs often resort to using Cabinet to issue orders to the Ministry of Finance to release RCDF without adhering to lengthy financial rules and processes.

Having said that, this study suggests that the act of interfering with state laws and systems described above stems from ethical considerations associated with PAE as a form of conduct for the rural. Ethics as discussed above plays a significant role in the modality of governing at a distance (Latour, 1987). Foucault (1988) highlighted that the ethical relation of the self is arguably one of the significant elements linking governing the self to governing others. In the context of this study, this ethical consideration is embraced in the reciprocal relations the MP has with the people. As discussed in Chapter 2, rural people protest and become involved in unlawful activities when an MP fails to deliver or fulfill his duty of care to the people.

In addition, SIG also maintains ethical relations with donor partners. Donor pressures for SIG to comply and adhere to state regulations is a prerequisite for access to donor funding (see also Bakre et al., 2021; Grossi et al., 2023; Rajib et al., 2019). For the RCDF, this has led the SIG to table the CDF Act 2013 without a financial component. The absence of subsidiary financial regulations is due to the controversial nature of the fund as it is contrary to the financial regulations stipulated in the PFM Act. This demonstrates SIG's enmeshing network of ethical social relations. The Republic of China (ROC) who initiated funding of the RCDF required the SIG to comply with state rules and regulations. As a result, SIG passed in Parliament (with conditions for amendment) the controversial CDF Act 2013. Similarly, the establishment of the ministry (MRD) was also to legitimate PAE as a mode or technology of governmentality for the rural population. Expertise language plays a key role whereby its norms and values seem compelling given the claim of truth it associates with its desired goals (Miller & Rose, 1990). For the RCDF, it provides the ethical consideration that is associated with the truth in relation to the fund.

This study argues that the need to extend ethical relations has been found to produce devastating implications for state regulations such as the reforms. It introduces a new form of reciprocity through practices of vote-buying that extend outside the cultural boundaries. For the MP, financial assistance for political allegiance from foreign logging and mining companies implies the need for ethical considerations such as reciprocal relations. This explains why revenue loss through tax exemptions granted by the Minister of Finance were rarely disclosed in SIG's end of the year financial statements and tabled at PAC meetings. What this implies is that for SIG, the elaborated self created a complex network of ties that further complicates SIG's modes of governing. For instance, the Economic Stimuli's Package (ESP) of S309m to finance SIG's consolidated fiscal gap during the 2021 Covid-19 pandemic was a recent scenario demonstrating this. A leaked document on social media revealed all MPs were paid $600,000 each with some receiving twice the amount allocated for each MP. The document further shows financial support was also provided to some businesses who are seemingly supporters of some MPs. To date, the ESP fund has not been audited nor disclosed in SIG's financial reports. All these demonstrated how the elaborated self has led to hijacking the post-Covid recovery programmes of the SIG. Foucault however explained that governmentality is a form of power that does not seek to replace power of sovereignty, but rather it operates within it rendering its conduct more effectively (Foucault, 1991; Latour, 1987). In the case of this study, the elaborated self has complicated SIG's modes of governing using state apparatuses. [17]

The complex nature of the national government domain comprising an enmeshing network of relations and dominant informal systems helps to explain why accounting programmes aimed at enhancing accountability and transparency were adopted only for ceremonial purposes as demonstrated in Chapter 6. This finding which was also demonstrated in other developing countries with similar settings like the Solomons reiterated the need to consider the local context and the appropriateness of programmes of such nature (Annisette, 2004; Bakre et al., 2017; Hopper et al., 2019; Lodhia & Burritt, 2004; Neu et al., 2006). Foucault highlighted that the state is a domain of diverse discursive programmes that are tied to particular practices of

[17] The ESP was financed by SIG budget, DBSI Bonds/T-Bills, ADB Budget Support, World Bank Budget Support and DFAT.

power through the development of the modern state (Elden, 2007; Foucault, 1991). Accordingly, the rationales that articulate the roles for accounting are dependent on the context which accounting is deployed (Burchell et al., 1985; Hopwood, 1987). For this study, the accounting technologies under the new public management doctrine are not compatible with the domain of the SIG. In fact, the reforms are a threat to the political rationalities associated with the bigman agenda (see also Bakre et al., 2017; Hopper et al., 2017).

Moreover, in SIG's case, relevant programmes to support the efforts of the reforms are weak. Key institutions such as the Auditor General, anti-corruption organisations, relevant regulations such as the Whistleblower Act, and other bodies that advocate good governance are not effective. The Auditor General, for instance, is still without a reformed audit act that would give autonomy in strengthening his roles and functions. Similarly, the Whistleblower Act was passed in 2018, but none of the anti-corruption groups have taken the initiative as whistle-blowers amidst the increasing misappropriations at the national level. In the local context, the mass public refers to these institutions and laws as *laws and institutions that lack teeth to bite*. This has become a connotation that signifies a state with an overall weak governance system as a result of dominant informal structures that co-exist with state laws (see also Assad et al., 2016; Hopper, 2017; Hopper et al., 2017).

Iyoha and Oyerinde (2010) highlighted that for Nigeria, accountability has not been achieved due to a lack of relevant accounting infrastructure to support the role of accounting. This was also the case in Lebanon where the accrual basis IPSAS failed to achieve full disclosure of the government's financial statements due to the absence of appropriate supporting legislation (El-Mousawi & Sayed-Ahmad, 2019). Accounting technologies such as those under the NPM thus require relevant supporting institutions to minimize political influence from elites that exists alongside the formal institutions of the state (El-Mousawi & Sayed-Ahmad, 2019; Ferry et al., 2018).

8.4 Section summary for the national government

The first part of this chapter provides a theoretical discussion of the findings relating to the national government level. Foucault's discursive knowledge/power together with elements of governmentality including the extended version by e.g., Rose and Miller (2010) were used to interpret *how* and *why* the reforms have been adopted and practiced in a certain manner at the national government level. Foucault's discursive knowledge provides the lens that explains the existence of dominant informal systems that co-exist with state structures and laws that form the basis of the NPM accounting reforms. The extended version of governmentality highlights the modes of governing undertaken by the SIG that sought to meet both ends. The discussions in particular highlight the context of the national government that comprises diverse programmes with conflicting rationalities. Central to this are the rationales that are attributed to the informal systems of governance such as kastoms, wantokism, and the bigman system. In the national government domain, these have been found to have greater influence in the formulation and implementation of state programmes that include the PFM Act and the relative reforms. Overall, the first part of the chapter illustrated the clash between conflicting programmes and how one has failed in order for the other to be implemented.

The concept of governmentality thus unpacks the complex nature of the national government and the relative impacts of the reforms. As demonstrated above, at the national level the reforms are viewed as a threat to the rationale of governing the rural using PAEs. This finding is also found in other developing countries demonstrating the significance of the context (e.g., Bakre et al., 2017). However, while prior studies have identified the existence of similar informal systems as barriers towards the implementation of these reforms, little attention was given to identifying alternative solutions. As pointed out by Hopper (2017), research needs to focus more on how to break out of the apparent cycle of failures resulting from the imposition of accounting and accountability reforms that do not suit the local setting (see also Bakre et al., 2021; van Helden et al., 2021). Evidence presented in the subsequent sections of this chapter will show how this study provides empirical evidence that contributes to this call. These discussions are summarised in Chapter 10, together with the other iimplications of the reforms.

8.5 The provincial government: means of intervention

This section interprets and discusses the findings in Chapter 7 that explore the adoption of the cash IPSAS and participatory budgeting at the nine provincial governments. Foucault's disciplinary power is used to frame these discussions. Foucault's concepts of enclosure, hierarchical surveillance, normalising sanctions, and examinations are used to demonstrate how accounting as a calculative technology was able to render the PGs docile.

8.5.1 Principles of enclosure and timetable

According to Foucault's model of disciplinary society, discipline proceeds initially through the careful distribution of heterogeneous individuals over space-time allocations. In particular, discipline was initially instilled in the space through the act of enclosure. Later, the space was partitioned to achieve disciplinary spaces. This involves partitioning the generally enclosed space into many self-contained spaces to enable the application of functions or responsibilities (Hopper & Macintosh, 1993).

For this study, the principle of the enclosure can be illustrated through the establishment of the Cash IPSAS standards in the Finanacial Management Ordinances for the nine provincial governments (PGs). The nine PGs comprise heterogeneous bodies with different political objectives. The establishment of the reform in their respective frameworks is a means of enclosing the nine bodies into clearly identified partitions. The key objective held by the MPGIS is to establish a disciplinary space for the application of timetable, monitoring, sanctions, and examinations. As shared by a former senior official at the Office of the Auditor General (OAG),

> It is very good for the provincial governments to adopt international best standards such as IPSAS. It allows comparability amongst provinces, so it is easier to classify which provinces have done well and so forth (Participant SN5).

Similarly, a respondent from the Ministry of the Provincial Government also commented,

> Currently, three provinces are the problematic ones (Participant SN1).

The comments suggest that the introduction of cash IPSAS has enclosed and provides clear partitions for the heterogeneous provincial government bodies in terms of financial reporting. It enables their financial performance to be measured against a unified reporting standard for the application of corrective actions such as training or sanctions. For those identified as weak according to the opinion of the Auditor General concerning their end-of-the-year financial statements, more focused trainings are designed to improve their performance. Similarly, sanctions are applied that disqualify nonperforming provincial governments from receiving annual PCDF grants. In a factory setting, the principle of enclosure involves the distribution of individuals to “a space in which one might isolate and map them” (Foucault, 1991, p. 144). In a case study that examines management control systems, Hopper and Macintosh (1993) demonstrated the notions of enclosure and partitioning using profit centres. Within a financial reporting context, van Zijl and Maroun (2017) show how the release of IFRS 10 has established clear parameters that enclose the consolidation process. The technical standard constitutes the basis for preparing financial statements promoting compliance by enclosing the preparers in the consolidation space (van Zijl & Maroun, 2017).

The detailed reporting requirements provided in the Provincial Government Financial Instructions resemble Foucault's principle of the timetable. Foucault provides that the use of a timetable employs three methods that involve establishing rhythms, imposing particular occupations, and regulating the cycles of repetition (Foucault, 1977). The study's findings show that the Financial Instructions provide the framework that establishes rhythms and regulates financial reporting for the provincial governments. Firstly, it includes the legal timeframe for submission of the end-of-the-year financial report to the Auditor General. Despite capacity challenges and resistance at the provincial level, the recent Auditor General's report (2019) has shown significant efforts made by the provincial governments to meet the reporting deadline. A finance official at one of the problematic provincial governments reflected:

> For reporting, we note the deadlines on the board as a checklist. Normally, we send our reports one day before the due date. The due date is the 15th so our target is to send the reports by the 14th. In the past, we were always late ….so far, we were never late as it has become a requirement of the PCDF (Participant PF4).

Second, an important component of the timetable is the detailed outline of how work is carried out. This denotes the temporal elaboration of the act, which plays an integral role in the principle of timetabling (Foucault, 1977). It enhances the role of the timetable by providing the specific means for performing the activity (Hopper & Macintosh, 1993). For the provincial governments, most interviewees made positive remarks on how the Financial Instructions provided clear detailed instructions on how to report using the cash IPSAS standard. As echoed by one of the provincial treasurers interviewed, "the provincial government financial instructions help us because it provides practical examples in the annexes" (Participant PF6). Similarly one of the provincial PCDAs also acknowledged how the detailed outline of procedures in the Financial Instructions enhanced their capacity in reporting using complicated standards such as consolidation,….. "consolidation for me is not a problem. The Financial Instructions provide the detailed step-by-step processes so it is easy for us" (Participant PF2). These comments suggested the notions of temporal elaboration entailed in the Financial

Instructions, providing the precise way for presenting the end-of-the-year reports in compliance with the cash IPSAS standards.

Further, the timetable also entails the principle of exhaustive use of time. The reporting requirements stipulated in the Financial Instructions aim to keep key provincial actors busy with the routine cycle of reports. A PAC Secretary for one of the provincial governments shared a comment on this as:

> For (provincial name withheld) in my experience, I think the Public Accounts Committee (PAC) so far, has performed very well in terms of budget scrutiny, income and expenditure scrutiny including PCDF requirements. The PAC here was able to caution the executive on important issues that are likely going to impact our performance in terms of the PCDF assessment (Participant PE5).

Similarly, a provincial member who was in the provincial assembly for the third time shared his experience in terms of the role of the PAC:

> This is my third term in the assembly. Previously I did not see the PAC as an active body in conducting its roles….just recently the PAC started to revive its functions and the provincial assembly is beginning to understand its important roles and functions (Participant PE2).

The comments highlight that provincial members feel obligated to participate in PAC meetings. It thus, enables them to engage more meaningfully in the financial affairs of the province. Provincial members' engagement and participation in PAC meetings, is a function that was almost nonexistent in the history of the provincial governments in the Solomon Islands. Provincial members only turn up at the provincial headquarters to pass the budget. After the budget session, they return to their respective villages and communities.

The evidence presented above shows the effectiveness of Foucault's exhaustive usage of time. It enables the provincial members to engage more meaningfully in the financial affairs of the province. Foucault (1977) explains it is the underlying principle behind the use of timetables, as it aims to foster greater efficiency based on the *time means money* principle. Techniques of subjection, such as the timetable and exhaustive use of time thus, can lead to a metamorphosis of the treatment of the body (Hopper & Macintosh, 1993).

Given that both reforms have been successfully adopted and institutionalised at the provincial level, the findings pointed towards Foucault's *means of correct training* techniques (Foucault, 1977). The subsections below discuss the techniques to show how the reforms have normalised the resistance to change norms at the provincial level.

8.5.2 Means of correct training

In Foucault's third principle *means of the correct training*, the primary focus is the exercise of power to train through three techniques: hierarchical observation, normalising judgment, and the examination (Sargiacomo, 2009). These techniques, Foucault believed, lead to the successful exercise of the principles of enclosure and the efficient bodies (Macintosh, 2008). These have been widely employed to study the social aspects of accounting, illuminating its interrelations with society and power (Miller & Rose, 1990). A common theme emphasised in the extant prior literature is how accounting as an instrument of power/knowledge can make individuals knowable and calculable, hence transforming them into docile bodies (Carnegie & Napier, 1996; Hoskin & Macve, 1986; Miller & O'Leary, 1987). For this study, Foucualt's techniques of hierarchical observation, normalising judgment, and examination help to interpret and explain how accounting has created a normalising space that transformed the problematic provincial government bodies to become docile.

8.5.2.1 Hierarchical gaze

According to Foucault (1977), the hierarchical gaze is an apparatus that provides a means to make those to whom power is applied to be visible. The aim is to achieve increasing efficiency by capturing a glance over the entire supervised area. For the PGs, the reporting requirements that are established in the FMO provide a means for hierarchical surveillance. As discussed in Chapter 7, the FMO requires PGs to submit annual financial statements to the Office of the Auditor General at the end of the financial year and no later than nine months after the end of that year. In a similar vein, PGs are also to required to submit reports on a quarterly basis (PCDF report, service grants reports and monittoring reports) to the mother ministry (MPGIS). The MPGIS entails a cadre of technical staff who review the reports on a quarterly basis for the purpose of providing feedback to the MPGIS's Minister who then updates the Cabinet.

Through the Cabinet update, the Minister of Finance can provide an overall glance over the financial performance of the PGs.

Accounting numbers, through their ability to produce certain forms of visibility and transparency, can create governable persons (Mennicken & Miller, 2012). Edwards (2018) presents how a knowledge-based piece rate system has led to creating a governable workforce. The use of norms (hourly rate) and standards (the piece rate) has been found to render effective surveillance and control of labour intensity which renders the action of workers to be visible and calculable for achieving managerial objectives (Carmona et al., 2002; Hoskin & Macve, 1988; Miller & O'Leary, 1987; Walsh & Stewart, 1993). For this study, surveillance and constant monitoring through reporting has also been found to render the provincial governments to be knowable with improved accountabilty and transparency. The quarterly reports provide a means for the MPGIS to know about their day to day financial operations every quarter. Similarly, their performance in terms of compliance with the IPSAS standards is knowable through the end-of-the-year reports that are submitted to the Auditor General.

To enhance the gaze further, the MPGIS has recruited nine provincial capacity development advisors (PCDA) stationed at the nine provincial headquarters. The PCDAs as discussed in Chapter 7 are mostly auditors, and they are responsible for the preparation of the end-of-the-year financial reports using the cash IPSAS standards. They also provide financial advice to the Provincial Treasurer and the Provincial Executive. The PCDAs report directly to the PS of the MPGIS as mentioned in Chapter 7. The aim is to provide more effective feedback to enhance the gaze. Close and effective surveillance through the gaze has been highlighted by Foucault, especially with the growth and expansion of factories in the nineteenth-century (Foucault, 1977). This requires a cadre of expertise to be stationed at each cadre to monitor specific activities of the workers, observe their skills and knowledge, and their overall performance (Hopper & Macintosh, 1993).

Furthermore, although hierarchised, continuous, and functional surveillance may not be one of the great technical inventions of the eighteenth century, Foucault argues that it is how these techniques provide a means for power to be exercised is more crucial (Foucault, 1977). The hierarchical gaze thus also provides a means for ranking the performance of the PGs. The concept of rank was used mainly in the context of performance in the classroom where Foucault uses students' marks to demonstrate ranking (Edwards, 2018). For this study, the annual audit reports facilitate the ranking of the PGs. The performance of the PGs through their adoption and practice of the cash IPSAS standards and participatory budgeting have been measured and ranked using their annual audited reports and the other reports submitted to MPGIS. The ranking of PGs is a necessary tool as it provides the overall gaze to suggest the type of normalising sanctions that can be used to improve performance. The audit reports in this regard play a key role in the exercise of training aimed at reducing gaps. Equally important is its role in determining punishments and rewards through the PCDF which is discussed in the next subsections.

8.5.2.2 Normalising sanctions

Evidence from this study shows that the glance has led to normalising the resistance to change the mindset at the provincial level. Normalising sanctions for Foucault entails the measurement of behaviour or performance against a standard norm (Sargiacomo, 2009). The PCDF framework that integrates the two reforms resembles the concept of normalising sanctions. As explained, it is a form of assessment that measures and ranks the performance of the provincial governments in terms of their level of compliance with the cash IPSAS standard, including other qualitative financial measures. Performing provincial governments that have been identified through the assessment are awarded a certain score that qualifies them for the annual PCDF grants.

Foucault demonstrated the principle of rank using students' assessment marks in a classroom setting (Edwards, 2018). For this study, the principle of ranking was based on the Auditor General's opinion concerning the cash IPSAS standard, together with the assessment conducted by an independent assessor engaged by the Ministry of the Provincial Government. As echoed by Participant SN11:

> By 2020, at least five provinces have anticipated unqualified audit opinion, three provinces are likely to remain with disclaimer audit opinion.

The ranking of provincial governments is a necessary tool as it provides the overall gaze to suggest the type of normalising sanctions that can be used to improve performance. The cash IPSAS reform plays a key role in this regard as it enables specific training to be developed to reduce identified gaps. Moreover, it also provides the determination of punishments and rewards. The use of minimum conditions and triggers in the PCDF provides for the effective application of principles of examination and sanctions or rewards to correct behaviour (Hopper & Macintosh, 1993).

This study also applies Foucault's concept of normalising sanctions in budgetary practices. In Chapter 7, the provincial governments were also conditioned, using the PCDF to adopt participatory budgeting. Evidence presented revealed the rationale behind this reform is to remove MPAs from controlling provincial ward grants (similar to RCDF). The conditions of the PCDF thus require the ward grants to be implemented by ward development committees (WDC). The national government views the removal of MPAs from controlling the ward grants as an effective means to normalise the resistance mindset at the provincial level. Garland (1986) pointed out that individuals by nature are recalcitrant, thus dealing with disobedience is a central issue for any method of control. Continuous calls for devolution of power and lack of collaboration by provincial actors (MPAs) imply resistance on the part of the MPAs towards the national government. [18]

Accounting numbers, through their ability to produce certain forms of visibility and transparency, can normalise and create governable persons (Edwards, 2018; Mennicken & Miller, 2012). For this study, the incorporation of the PCDF with the cash IPSAS has facilitated this objective. The resistance to change norms demonstrated through continuous calls for statehood makes it difficult for the national government to collaborate effectively with key provincial government actors (provincial members). Evidence presented in this study suggests that the PCDF is a form of normalisating sanction aimed at making the provincial members docile for more effective collaboration with the national government. In the regulatory control context, the two IFRS standards (IFRS 10 and IFRS 12) established a disciplinary gaze in terms of IFRS standards (van Zijl & Maroun, 2017). The two standards, therefore, provide a sense of normalising sanctions for external audits to evaluate financial statements against established regulatory frameworks (Hoskin & Macve, 1986; Maroun & Atkins, 2014).

8.5.2.3 Examinations

Examination for Foucault (1977) combines in a single procedure both the hierarchical observation and normalising judgement, that makes it possible to qualify, classify and punish.

[18] Ward grants is equivalent to 15 percent of the recurrent revenue allocated for each province is disbursed on monthly basis to support mini ward projects such as repair of staff houses for primary schools or clinics at ward level.

As mentioned in section 4.4.1.2.3, Foucault uses the hospital as an examining machine where patients' files or illnesses have been documented for further analysis through, for instance, a case study. For this study, the PCDF also includes a component of the examination. PGs' performances are assessed using the assessment criteria (MC and triggers) where PGs either qualify or disqualify for the full annual PCDF grants. This assessment which is done yearly allows closer monitoring or surveillance of the PGs in terms of their compliance with the reforms. For instance, according to MPGIS three PGs have been identified as problematic according to the PCDF assessments in 2021.

Foucault (1977) also highlighted in disciplinary mechanisms, the principle of examination is highly ritualised through constantly repeated practices. Using the example of the hospital patient, the daily medical checkup made by a physician denotes a form of ritualised examination. In the case of the PGs, the three problematic PGs have become subjects for deployment of further assessments and monitoring by the MPGIS. As discussed in Chapter 7, one of the measures often taken by MPGIS is to conduct intensive training at the provincial centres.

The PCDAs are required to develop training programs and other initiatives, aimed at improving the *resistance to change* behaviour of the provincial members. Most interviewees commented that it is a challenge dealing with individuals with such behaviour and a few PCDAs have faced severe repercussions. The PCDA for one of the problematic provinces shared, "I was without pay (salary) for almost four months because I did not show evidence of this in my report" (Participant PF2). Another PCDA shared a similar remark:

> Last year a training was conducted for the provincial members. Unfortunately, they boycotted the training so for this year I am still trying to find a way to conduct training for them (Participant PF1).

Participant PF1 was the newly contracted PCDA for one of the problematic provincial governments after the first PCDA was removed from office only four months after signing a contract. The province had been without a PCDA from 2016 to 2021 when the new PCDA came on board. With the new PCDA on board, the Provincial Secretary (PS) noted several improvements:

> In the recent assessments in 2021, the province has improved because we now have the technical people with us. We are now complying with the financial instructions and the timely submission of reports. We are also working closely with other provinces and the Ministry of the Provincial Government to improve compliance (Participant PE10).

Despite resistance from the provincial members, the Ministry of the Provincial Government continues to conduct training and regular visits to provincial governments recorded as poorly performing or problematic. This is shared by Participant SN1 as:

> We normally spend one-month conducting intensive training for those problematic provinces...

Intensive training described above is a form of ritual, aimed at normalising the resistance to change mindset held by the provincial members. Foucault (1977) pointed out, that in disciplinary mechanisms, the principle of examination is highly ritualised through constantly repeated practices. In the context of regulatory standards in financial reporting, van Zijl and Maroun (2017) noted that fair presentations provide a broad basis for asserting 'normal' performance. Attributes such as consistency and comparability denote notions of examination and hierarchical surveillance which are aimed at achieving greater transparency of the financial reporting standards.

Moreover, according to Foucault (1977), examination, and normalising sanctions complement the gaze through penalties and rewards, to ensure pre-determined norms are achieved. Thus, apart from regular training, the Ministry of the Provincial Government also applies other forms of punishment if resistance to change persists. Delay of ward grants is a common form of punishment used for provincial governments. Apart from nonperformance, the application of rewards was also factored into the PCDF framework. For instance, in 2018 one of the best-performing provincial governments, Isabel Provincial Government, was awarded a bonus point of 10 for having produced a clean audit opinion on its financial reports since 2015. This implies that the application of penalties and rewards has been effective in achieving normalcy and an efficient body, which are further discussed below.

8.5.2.4 Principle of the efficient body

The study's evidence shows that accounting practices that are ingrained in the PCDF have created a disciplinary gaze that mirrors the principles of discipline and control as outlined by Foucault. In particular, interviewees from the Office of the Auditor General (OAG) have made positive remarks regarding the performance of the provincial governments with the cash IPSAS. As stated by a senior official at OAG:

> At the moment, the national government, their reporting to date is 2018. We have not yet received the 2019, 2020 and 2021 financial statements. The provincial accounts have submitted 2022 reports already. So there is currently a huge gap between the provincial and national governments (Participant SN7).

The findings suggest the principle of normalcy has established for the first time a culture of reporting and for the provincial members, effective engagement in the financial affairs of the provinces. Prior to the reforms, most of the provincial governments rarely produced reports which have led to weak compliance and poor accountability. Similarly, as noted earlier, the Provincial Members only turn up at the provincial offices to pass the budget as most of the time they are in their villages. The principles of the gaze and normalcy rendered through the PCDF provide a means for the Members to reflect on their roles and responsibilities as Assembly Members. As the evidence has shown, the members did not try to protest the decision regarding the PCDF sanctions and the removal of ward grants. Although the study had acknowledged evidence of resistance through the removal of PCDAs and boycotting of training. Even the problematic ones, despite still maintaining disclaimer audit opinions, there have been significant improvements in terms of their level of compliance and improved collaboration with the national government.

The literature on accounting and power has highlighted the interconnections between the two. As demonstrated in prior studies, accounting can be selectively applied to coercive and manipulated decisions (Gunatilake et al., 2024; Sharma et al., 2014). Similarly, when accounting was used merely for political hegemony it undermined its role in achieving greater financial controls (Dixon, 2023; Neu et al., 2006). Our evidence also pointed towards that direction in the way the reforms have been unfairly applied to the provincial governments to reaffirm the authoritative style of leadership that was practiced mostly by the national government. The evidence, however, shows accounting has improved compliance and accountability despite the political agendas held by the elites in the national government. Similarly, participatory budgeting has led to empowering the rural population as they undertook decision making roles in relation to the ward grants. The study thus provides empirical evidence that contributes to the literature that calls for further analysis of the constitutive role of accounting in diverse settings (Burchell et al., 1985; Hopwood, 1987).

For this study, the integration of the PCDF sanctions has been instrumental in supporting the role of accounting in facilitating change through the two reforms. It unpacks the dynamics of the Solomon Islands setting that upholds a traditional system of governance based on kastoms and social norms. This traditional leadership which is practiced more at the provincial level is communal, based on collective decision-making. In this system, leaders have greater responsibility towards the people, therefore, maintaining their moral conduct to the people is important. Accordingly, the integration of PCDF sanctions has been effective in the institutionalisation of both reforms at the provincial level. Provincial members strived to maintain an adequate level of compliance to avoid disqualifying the rural people from annual PCDF grants. Having penalised from annual PCDF grants means Members lose their moral conduct and self-respect to the people who entrusted them with power.

Mennicken and Miller (2012) highlighted that accounting numbers are not only involved in the making up of economic entities such as corporations, hospitals, and other organisations. Rather, accounting numbers also help to construct the type of persons or identities that inhabit these entities (Bigoni et al., 2020; Edwards, 2018). In the case of this study, the integration of the cash IPSAS with the PCDF helps to remind the provincial members that noncompliance with accounting rules and regulations is immoral and unethical, as it results in disqualifying the province from annual PCDF grants. In doing so, it restored their ethical conduct in relation to state regulations in the same way that they adhere to kastoms.

8.5.3 Section summary for the provincial governments

This subsection of the chapter interprets the findings discussed in Chapter 7. The discussion highlighted how the cash IPSAS and participatory budgeting have been driven by the PCDF framework. The PCDF framework, which resembled Foucault's concept of normalising sanctions, is a performance assessment framework that was designed specifically to improve the level of financial compliance at the provincial government level. The hierarchical gaze which is illustrated through reporting was found to be effective as the MPGIS was able to respond to nonperformance issues on time and thus determine appropriate actions. For instance, issues identified with the participatory budgeting were highlighted in the monitoring reports which prompted the MPGIS to respond and identify solutions.

Drawing on Foucault's disciplinary power constructs facilitates an understanding of how accounting as a calculative technique has transformed the problematic provincial government institutions in the Solomon Islands. Furthermore, the findings also pointed to the social implications of accounting as a calculative technique. As the MPAs strive to maintain an acceptable level of compliance to avoid sanctions, it provides a form of reflexivity that enables MPAs to reflect on their roles and their identities as Assembly members. Coupled with the new participatory budgeting where MPAs have been removed from the signatory of ward grants, it restores elements of the lost traditional governance systems which was based on the clan-based of governance. These are discussed in the next Chapter which provides for the third and fourth research questions that address the outcome and implications of the reforms.

8.6 Concluding summary

This chapter discussed the findings in the preceding two chapters. In particular, the Chapter addressed the *how* and *why* research questions of this study (RQ1 and RQ2) in two parts. The first part draws on Foucault's concept of discursive knowledge together with technologies of the self and governmentality to interpret the findings in Chapter 6 (national government). The Chapter first draws on Foucault's discursive knowledge to explain the multifaceted role of Parliamentarians that led to the establishment of PAEs in the early eighties. As the headmen became Parliamentarians, their roles as legislators also incorporated elements of the *bigman* which this study identified as a form of discursive knowledge. Coupled with the views held by the rural or provincial residents in relation to the mode of conduct held by the leaders at the national level (authoritative with an increasing misappropriation in the logging industry) it led to the establishment of PAEs. The PAEs which denote Foucault's practices of the self, is a means of restoring the status and image of national MPs.

In pursuit of this political rationality, the PAE has become a form of governing at a distance for the rural population. In addition, given the significance of ethical considerations, it prompted the establishment of a Ministry (MRD) and an Act (CDF Act 2013). Further to this, the first part of the chapter goes on to highlight the complex nature of the national government domain that comprises programmes with conflicting rationalities. The accounting reforms which were also part of SIG's programmes for economic revitalisation, however, have been countered by the dominant informal systems. These informal systems co-exist with the state laws and apparatus and have been dominant in conceptualising SIG's mode of governing and the associated political rationalities. Drawing on the concept of governmentality thus facilitates an understanding of the manner in which the SIG sought to govern programmes of diverse nature using conflicting modes of governing. For the NPM accounting reforms, the role of accounting as a technology of conduct was not able to regulate the conduct of conduct that underpinned SIG's governmental desire to enhance accountability at the national government level. As the chapter shows, both the cash IPSAS and PBB have been countered by the existence of dominant informal systems which are similarly found in other developing countries (e.g., Bakre et al., 2017; 2021). The discussion concludes by highlighting the inappropriateness of the economic revitalisation programmes (reforms) given the national government 's domain which comprises of programmes with conflicting nature.

In the second part, Foucault's concept of disciplinary power is heuristically relevant in explaining the findings in Chapter 7 (reform adoption at the provincial level). Foucault's concepts of enclosure, hierarchical surveillance, and normalising sanctions facilitate an understanding of how accounting as a calculative technique has transformed and normalised the problematic provincial government institution. There was improved accountability as the MPAs strived to maintain an acceptable level of compliance to avoid sanctioning their provinces from annual PCDF funding. Coupled with the introduction of the participatory budgeting system, it provides a means for the MPAs to reflect on themselves and their roles as Assembly Members. In particular, it provides a means for the MPAs to reflect on their ethical considerations in relation to statutory regulations, in the same way, they adhere to traditional norms and kastoms. Moreover, the empowerment of ward community members in the new participatory budgeting also provides a means for the rural people to reflect on their identities. Altogether, Foucault's notions of disciplinary power provide a means for the provincial actors and the rural population to attribute truth in relation to the PCDF as a mode of governing. A significant implication of this is that rural people were able to attest to the truth in relation to governance by comparing the mode of governing using the PCDF with the controversial RCDF or PAE.

The next chapter discusses the outcomes and implications of the reforms. Building on these findings, the next chapter (Chapter 9) draws on Foucault's notions of the self and reflexivity to discuss the implications of the reforms in addressing the two final research questions.

CHAPTER 9: REFORM OUTCOME AND IMPLICATIONS

9.1 Introduction

This chapter discusses the implications of the manner in which the reforms have been adopted and hence practiced. In doing so the chapter addresses RQ3 and RQ4, that sought to examine the outcomes and the implications of the reforms. The discussions of findings in Chapter 8 show that objectives for enhancing accountability have not been achieved at the national level. Chapter 8 highlighted the complex nature of the national government domain comprising diverse programmes with conflicting rationalities. Accordingly, the implementation of both reforms (cash IPSAS and performance-based budgeting) was obstructed by dominant informal systems that co-existed with state regulations and structures. At the provincial level, the reforms were motivated by the political agenda held by the national government. This has led to the incorporation of a funding framework that uses a set of sanctions to qualify provinces for annual grants. The reforms have been found to render greater accountability that restored moral discipline as members of the provincial assembly strive to qualify for the PCDF annual grants. The calculative role of accounting has been found to render the problematic provincial government institutions to be docile and become normalised.

This chapter builds on the discussions in the previous two chapters (chapter 7 and chapter 8) to identify the relative outcomes and implications of the reforms that address RQ3 and RQ4. The chapter first shows the implications for NPM's key principles such as accountability, performance measurement, and decentralisation. Foucault's technologies of the self incorporating elements of ethics and reflexivity have been used to interpret these findings. Practices of the self help to provide a historical investigation of the Solomon Islands power regime that has led to its contemporary power centralism regime. Notions of power centralism which is one of the main attributes of the bigman system has been identified as an influential factor that impedes the adoption and implementation of the reforms in the Solomon Islands. Drawing on the technologies of the self helps the study to unveil the practices of the self that have led to the establishment of the PAEs as a mode of conduct for the SIG. Foucault's concept of ethics provides the lens that explains the social norms and relations that provide the vehicle for the facilitation of the elaborated self. Together, these establish a social form of accountability that ascribes responsibility and judgment to social norms and visibility which invariably contradict the form of accountability that is advocated by the reforms.

The introduction of participatory budgeting (PB) coupled with the incorporation of the PCDF framework at the provincial government level provides a sense of self reflection where the MPAs reflect on the significance of their actions and deeds. Foucault's concept of reflexivity offers an understanding of how PB provides a means for Solomon Islanders to reflect critically on their identities and the practices of the self. The process of self reflection facilitates a means for *reconstitution of the self*. This restores moral values as opposed to ethical norms and thus creates the discourse of truth in relation to SIG's mode of governing using mechanisms such as the PAEs.

In the latter part of this chapter, Foucault's counter-conduct facilitates an understanding of how the new identities as a result of reflexivity demand the reconstruction of the political rationality and mode of governing for the SIG. Foucault's concepts of the self incorporating elements of ethics and reflexivity demonstrate how SIG's mode of governmentality using PAEs is immoral despite its ethical considerations. The new CDF Act 2023 is an outcome of the resistance in relation to this form of pastoral management. Overall, this chapter provides empirical evidence that contributes to the call for studies to explore the broader societal impact of NPM-inspired accounting tools. The contributions are outlined in the final chapter of this thesis (Chapter 10).

9.2 Implications for NPM

The first part of this chapter discusses the implications for NPM in three parts: managerial or NPM accountability, performance measurement, and decentralisation.

9.2.1 NPM accountability

Accountability in its broader sense is understood as the giving and demanding of reasons for conduct (Garfinkel, 1967). Additionally, the term accountability also has various definitions as Sinclair (1995) pointed out. It has several forms and is based on the context where it is being used. In light of the NPM, the nature of accountability in the public sector has changed to managerialism (Hood, 1991). Inspired by the logic of the market, accountability extends beyond compliance to include performance, efficiency, and effectiveness. Managerial conceptions of accountability have replaced traditional norms of democratic accountability (Hood, 1995; Lapsley, 2009). Superiors assigned with delegated authority are required to be answerable for the expected outputs and how resources have been used to achieve certain ends. Yet, what is concerning is the appropriateness of the logic of the reforms in the context of the public sector (Broadbent & Laughlin, 1997), let alone the public sectors of developing countries with few competitive markets.

With the introduction of accrual basis accounting principles in the PFM Act, principles of managerial accountability have also been introduced in Part 6 of the Act. Performance measurement requirements, for instance in s48, imply a shift from political accountability to managerial accountability. Officers in charge such as the Permanent Secretaries are required to report on the efficient use of resources against established criteria that were stipulated in the ministries' corporate plans or MTDPs. Moreover, the introduction of managerial accountability in the Act implies that agency heads (Ministers) are accountable for the outcomes since they formulate the policies (Abd Aziz et al., 2015), whereas the PSs are responsible for the outputs that are under their responsibility as Accountable Officers. In this new perspective of accountability, the overarching aim is to introduce accountability for results for improving efficiency and effectiveness in the public sector (Hood, 1995).

This study found that the form of accountability in the Solomon context which has greater implications on managerial accountability, is described as a socialising form of accountability. Using Habermas' concept of interaction, the nature of this form of accountability is explained as "*it is governed by binding consensual norms which define reciprocal expectations about behavior, and which must be understood and recognized by at least two acting subjects.*" (Habermas, 1971, p. 92). This perspective attributes accountability to a subset of norms that involve a shared agreement that is manifested (Sinclair, 1995). Accordingly, the social form of accountability that exists in the Solomons is conceptualised based on social relations such as reciprocity that is embedded in wantokism and kastoms. As discussed in Chapter 2, the notions of wantokism entail reciprocal relations that play a significant role in maintaining social order and coordination between wantoks. In this form of accountability, relationship, and social systems create a multitude of standards that are used to hold individuals to be answerable, judged, and sanctioned (Schlenker & Weigold, 1989).

The social norms that formed the basis of the social form of accountability associated with the PAE are related to the practices of the self. In Chapter 2, I discussed how the elaborated self as a result of freedom has led to the establishment of PAEs for governing the rural population. In this form of conduct, ethics plays a crucial role in governing the conduct of conduct. Miller (1987) pointed out that the subject is constituted in a field of freedom, governed by an ethics which has as its goal to produce a subjectivisation of the self. For this study, the social norms that are ingrained in contemporary wantokism are similar to Foucault's concept of ethics. However, the reciprocal norms that have been embedded in contemporary wantokism are not cultural as they extend outside of the cultural boundaries. In the case of the PAE, ethical relations are associated with political allegiance, and hence, it is not cultural and lacks morality.

Equally important is Foucault's distinctions between ethics and moral values where the former is an attribute of the elaborated self as a result of freedom (Dean, 1994; Rose, 1990). For Foucault, moral values and ethics are not the same thing. Moral values are the actions of certain individuals or groups which are a set of prescribed rules and values imposed by various agencies (Dean, 1994). Ethics on the other hand, is a set of codes that are practised through rules and values that are operative in a given society. Dean (1994) further asserts that the latter is associated more with subjectification where individuals constitute themselves as subjects of moral conduct that has created new identities. For this study, ethics relates to the contruction of new identities according to the prescribed codes established during colonisation. As discussed in Chapter 2, one of the roles of the early headmen was to enforce orders of the BSIP in rural areas. Locals who did not abide by these orders were punished (imprisoned) and were required to pay fines. Accordingly, locals became obedient to avoid punishment despite the contradictory nature of the orders in relation to traditional norms and practices.

In line with Foucault's view, the new orders imposed onto the early Solomon Islanders which this study interpreted as a form of ethics did not entail moral values. This is because the ethical relation of the self is associated with subjectification as described above. As Rose (1998) stated:

> In the contemporary world, self formation is often undertaken in relation to various forms of psychological and psychoanalytic techniques and knowledge (cited in Dean, 1994, p. 198)

Thus, this study argues that the social norms associated with the extended form of wantokism do not entail moral values. Using Foucault's lens, it is rather a form of ethics that is associated with subjectivity and hence does not denote moral values that were part of the traditional clan-based system. Accordingly, the social form of accountability relations that is associated with the elaborated self and has been embedded in contemporary wantokism focuses more on political allegiance. This sheds some understanding that explains the social form of norms that form the basis of the social accountability that are associated with the PAEs.

That said, evidence from this study illustrated how this form of accountability impedes efforts for managerial accountability through the reforms in three ways. Firstly, MPs becoming shadow accountable officers for the PAEs violates the role of the parliamentary PAC in its oversight functions. The PAC is a powerful oversight mechanism of reform that has to ensure that the Executive is held responsible for the economical, effective, and efficient disbursement of public funds under policy prerogatives such as the government's plans (Hoque & Thiagarajah, 2015; Stafford et al., 2018). For this study, the legislature has also become the shadow accountable officers for funds such as PAEs, hence it has violated the oversight role of the PAC. In the Solomon Islands, the legislature's role include the implementation and audit phase of the budget process as stipulated in Parliament's Standing Orders. This is consistent with the Westminster model where the PAC uses audited reports from the Office of the Auditor General (OAG) to carry out these functions (Pelizzo et al., 2005; Stapenhurst et al., 2019). Moreover, Pollitt and Bouckaert (2011) also highlight that politicians are supposed to be chief executives whose primary role is to formulate general goals and assess results without being involved in day-to-day operations.

Second, evidence from this study also highlighted the enmeshing of two forms of accountability at the national government level. While the PAEs are incompatible in principle with the doctrines of managerial accountability, within the local context PAEs play a significant role in facilitating the objectives of the bigman. As discussed in the previous chapters, the multifaceted role of members of parliament that are associated with vote-buying is a significant feature of the contemporary bigman (Wood, 2018). In the political context, this establishes norms of reciprocity between the MP and the voters. PAEs thus provide the means for the MP to reciprocate the votes that gave him power which invariably impacted on the two reforms and efforts to achieve managerial accountability. As demonstrated in Chapter 6, the projects under the RCDF lack linkage with SIG's MTDP. Under NPM principles, performance and effectiveness are crucial elements of accountability (Hood, 1995). Similar to public tertiary institutions, the NPM model also requires responsible government departments to set objectives, measure performance and report on outcomes of public-funded projects (Narayan, 2010). It requires public servants, in this case the Permanent Secretaries (PSs) to be accountable beyond compliance. However, for the MRD there is nothing to measure against for the RCDF-funded projects. The findings from this study thus show that for the SIG, this form of accountability was almost impossible to achieve with the existence of funds such as PAEs.

Furthermore, while maintaining reciprocity relations is vital, equally important is the visibility of the reciprocal gifts. In the Solomon Islands, this is normally conducted through an open or public handover ceremony, especially for community projects such as classrooms or clinic buildings. This ceremony entrenches the cultural fulfillment of an obligation on the part of the MP which is witnessed through a public gathering. Its significance in the cultural context is to reinstate notions of the self for the bigman. If the bigman has satisfactorily delivered what is expected of him, this elevates his social standing within his locality. As Sahlins (1963) put forward, for the bigman, maintaining his social standing is important. This is especially important given the competition for power between the MPs and their rivals, the members of the Provincial Assemblies (MPAs).

Accordingly, the Ministry responsible for the RCDF (MRD) is constantly providing updates on RCDF projects on the ministerial website to enhance the visibility of the fund. The objective is to attract a wider audience from the general public, especially media online platforms. For instance, the Yumi Toktok Forum (YTTF) is one of the biggest online forums on Facebook with more than twenty-two thousand members (Honiara and provinces). MPs see this platform as an effective means of displaying their achievements in the delivery of RCDF projects. For instance, during the handover ceremony of a staff house built under the RCDF for one of the constituencies, a senior government official remarked by stating:

> Such infrastructure is a true testament to good leadership and genuine partnership (MRD, 2023).

In another example, a member of Yumi Toktok Forum (YTTF) acknowledged one of the constituencies for continuously providing updates on how the constituency uses the RCDF allocations by stating:

> I want to give credit where credit is due. Below is a link to the Marovo Constituency page. Their Constituency Office uses social media to inform the people of Marovo Constituency about how their RCDF is managed including Constituency assets. Also, the Marovo Constituency informs the people of Marovo about where and how to contact

> their Constituency Office. Under SI laws, Constituency Offices and officers are public servants. The public has a right to know where and how to contact them. That is transparency for all of us. It goes a long way to bringing trust and confidence in the management, use, and disbursement of public funds. YTTF would like to acknowledge the Marovo Constituency Office for using social media as a platform to communicate with its voters and the people (YTTF, 2021).

The above demonstrates the perception of visibility which in the local bigman context is attributed to the performance of the leader. Sahlins (1963) explains the importance of establishing factions within a locality for competition purposes. A bigman maintains his social standing through continued achievements to avoid his followers from switching to one of his rivals. Achievements in this regard mean delivery of services and continuous support to the people. Consequently, visibility provides a means for people to ascribe leadership qualities.

According to Bekkers and Moody (2014), the emergence of visual culture is rooted in a tendency to picture that virtually visualise human experiences. This is based on the *Picture Theory* that views words as names that do not count as truth (Daitz, 1953). Relating this to the study, the truth associated with the RCDF or PAE is when an MP hands over a clinic or a school and is witnessed by the people rather than the submission of reports to the Auditor General. As Mnookin (1998) pointed out, seeing a photograph almost functions as a substitute for seeing the real thing. The MRD website thus aims to furnish evidence of proof for the RCDF. Social media play a key role in enhancing the visibility of these funds which in the bigman context denotes the truth associated with the funds.

In line with this perspective, the visibility of the controversial RCDF funds is intended to reinforce the elaborated self with an emphasis on responsibility. Roberts (1991) highlighted that there is an intimate and interior relationship between accountability and the constitution of the self in which visibility plays a key role. In the Solomons' case, for the MPs, wider visibility of the RCDF projects provides a sense of achievement that elevates their ethical self to the people. The applause received by the people and wider community institutes greater power of the self. However, the ethical relations that form the basis of responsibility or accountability in this regard are political and hence do not denote moral or traditional obligations. This explains why rural people often resort to unlawful practices when an MP fails to fulfill his duty to the people (voters). Visibility, therefore, is significant in ensuring social order is maintained in the rural areas regarding the PAE.

Zyglidopoulos and Fleming (2011), however, posit that greater visibility functions as a constraint to socially irresponsible behaviour as leaders link accountability with meeting societal expectations. This is the case for funds like the RCDF where MPs become less accountable to the people consistent with state laws enacted in the PFM Act 2013. The Auditor General's annual reports (e.g., 2010 to 2017) constantly highlighted poor reporting as one of the challenges faced especially at the national government level (refer to Fig. 6.1 in Chapter 6). This has led to complicating the efforts for reporting in complying with the cash basis IPSAS. In fact for MPs, compiling reports is often viewed as an administrative matter. What is more important is that the RCDF projects are implemented on time and are being witnessed by the people. In such a scenario, accountability or being accountable as moral agents is merely for meeting societal expectations which in the bigman context implies judgment.

Third, the view of reporting is also related to perspectives towards auditing. Evidence gathered shows that auditing is a sensitive subject when it comes to these controversial funds. This sprouts from the early practices during the BSIP (British Solomon Islands Protectorate) era where questioning of the headmen led to fines and punishments (Keesing, 1994). The power centralism regime in the early BSIP era restricted questioning of orders dictated by the District Commissioner. As demonstrated in Chapter 2, despite the contradictory nature of the orders with the traditional norms, the traditional elders could not question the authority of the District Commissioner. Consequently, in the contemporary political setting of the SIG, audit is perceived as a mechanism established to question the authority of the MPs.

This view of auditing is an ethical consideration that considers questioning the authority of a leader as taboo. It is a form of moral subjectification inscribed within the practices of the self (Dean, 1994). It however clashes with accounting modes of attesting judgment or truth through mechanisms such as reporting and auditing. It thus influences SIG's rationalities and mode of governing. As discussed in Chapter 6, the subsidiary Acts that provide the legal framework for funds such as PAEs lack financial regulations consistent with the PFM Act 2013. Similarly, SIG does not recognise the need for a new audit act. This is because of the mindset that being ethical to social norms is more important than being ethical to state laws. Consequently, controversial funds such as the RCDF were never audited. A former senior officer at MRD stated:

> For audit, no! there was no audit since the establishment of this development budget grants. Audit is only done for the recurrent portion (Participant F4).

In another interview, a former senior official at the Ministry of Finance stated:

> Audit is an area that must be handled cautiously. Previous Auditor Generals have tried to audit the RCDF and oketa karakill nao (faced repercussions) (Participant S4).

In the latter, one of the local Auditor Generals was removed because he was insisting on the audit of the RCDF. Accordingly, it has become a norm for funds of such nature to be exempted from reporting and audit requirements.

Bovens (2007) explained that in accountability relationships the actor is obliged to explain and provide justification for his conduct. Reporting and auditing facilitate a means of establishing truth or judgment (Politt, 1990). However, as discussed, notions of visibility associated with the notions of ethics supercede the importance of reporting which invariably impacted efforts for accountability through reporting ingrained in the reforms. Moreover, for the bigman auditing is a mechanism established to judge his performance which undermines his bigman status. Accordingly, for the MPs non compliance with statutory financial requirements is not considered as an ethical issue. MPs do not feel obligated to explain and provide justification to the people and the state through reports. What is more important is for the MPs to uphold their ethical relations with the people through fulfillment of their multifaceted roles where people ascribe judgment and truth to their leadership through the visibility of the projects. Greiner (1990) however stated the key fundamentals of accountability include honesty, openness, and adequate disclosure, and careful, effective application of resources. For SIG, these fundamentals are interpreted in the context of the bigman system which contradicts interpretations of accountability rendered by accounting (see also Fukofuka, 2013; Lonsdale, 2008; Sinclair, 1995; Stafford et al., 2018).

9.2.2 Performance measurement

One of the major criticisms of the traditional input budget is its lack of information on what goods, services, or policies are being financed by government expenditure (Beschel Jr & Ahern, 2012). NPM thus fills this gap by introducing performance measurement systems. Guthrie, Humphrey, et al. (1999) assert it involves a performance measurement approach that includes techniques such as financial and non-financial performance indicators, league tables, output and outcome performance, and benchmarking. The objective is to achieve better public spending and budgetary allocation decisions to enhance managerial accountability. Findings in chapter 6 on the adoption of PBB revealed how the reforms have been influenced by notions of power centralism held by the national government. Given that the Cabinet has the upper hand in decisions regarding SIG's budget strategy, the budget has become politicised with priority given to implementing the ruling government's policies which may or may not align with the country's MTDPs. The failure of the PFM Act to establish the link between the two (budget strategy and MTDP) limits the efforts of the reform in achieving performance outcome objectives.

As discussed in Chapter 6, while line ministries attempt to establish performance outcome indicators, achieving these targets is difficult. Cash flow issues as a result of prioritising of PAEs, have led to delays in the implementation of the bulk of the SIG's development budgets. Similarly, cultural policies that were framed as PAE and administered by the Ministry of Rural Development lack policies to guide the RCDF (a policy was established in 2022 for the RCDF). These pointed to budgets that are delinked and self-focused as a result of political agendas. This is common especially in developing countries as is also demonstrated in Tanzania by Goddard and Mkasiwa (2016a). Goddard and Mkasiwa (2016a) highlight that for Tanzania, accounting change is enacted to fulfill a ceremonial or even strategic role despite the harmony of efficiency and legitimacy. For this study, accounting change objectives through the PBB were obstructed by the intentional circumventing of the necessary legislation of the PFM Act which is influenced by the political objectives held by leaders at the national level.

A significant implication for PBB is the different perspective towards accountability as discussed above. PBB aims to enhance efficiency to improve managerial accountability (Cuganesan, 2017). Managerial accountability as Day and Klein (1987) pointed out relates to delegated authorities being accountable to the agreed performance criteria. In SIG's case, the agreed performance criteria are spelled out in the ministries' three-year corporate plans which were aligned to the MTDPs established at the MNPDC. This is consistent with s48 of the PFMA which requires the Minister of Finance to table also the performance measurement criteria for the draft annual estimate. In practice, this becomes problematic given the political climate of the SIG. Most of the time, the corporate plan's expected outcomes are rarely achieved as demonstrated in Chapter 6 (see discussion on performance-based budgeting).

The norm of Paper Budget is coupled with the SIG's culture where funds are always prioritised for PAEs. This becomes difficult for SIG to comply with NPM's concept of managerial accountability. As evidenced in Chapter 6, the Accountable Officers have little control in ensuring their corporate plans are implemented according to their respective MTDPs. Similarly, Accountable Officers including the Accountant General at the Ministry of Finance also have little control over the practice of halting of the normal payment cycle to enable the PAE requests to be paid. Coupled with poor M&E at the ministerial level, managerial accountability at the ministerial level is almost impossible to attain. Moreover, politicians are also pressured to deliver and to be accountable to rural people before their term ends. As echoed by one of the MPs interviewed:

> The timeline of politicians is only four years, and if there is a delay in providing assistance it is an issue for the politician. The politician has nothing to refer to as an MP. Maybe his four years will lapse before a clinic or school will be built (Participant 5).

For this reason, it has become a norm for the PAEs to be prioritised over line ministries' annual work plans. This becomes a problem for managerial accountability, as being accountable to social norms is more important than being accountable to the agreed performance measures that were approved in the organisational annual work plans and policies (MTDP). Social norms entail ethical relations that are significant for an MP to uphold. Coupled with the significant role played by visibility in this form of accountability, in the local bigman context it has become the means for measuring performance in terms of budgeting.

9.2.3 Decentralisation and participatory governance

A central theme in policy debates surrounding decentralisation as an NPM reform is to enhance transparency, accountability and governance in the public sector thereby minimising corruption (Bank, 1997). Decentralisation involves the delegation of authority and responsibility for public services from the central government to independent or semi-autonomous regional and local governments (Changwony & Paterson, 2019). The belief is that when decentralisation is integrated with local democracy, it helps to reduce political accountability agency problems (Seabright, 1996). In the Solomons, efforts for decentralisation have been unsuccessful as evidenced in the PGA 1997 (Cox & Morrison, 2004; Nanau, 1998). The hierarchical type of government left behind as a legacy of British colonialism still persists despite continuous calls for a federal system (Scales, 2005). As discussed in chapter 2, rural people do not trust the national government which is viewed as being run by a bigman whose interests run opposite to those of the rural people.

With the delay in formalising the plan for decentralisation (devolvement of power), a new participatory governance system was introduced in the provincial government's FMO 2018 as part of the UNDP's strengthening of the provincial systems of government reforms. As discussed in Chapter 7, the new budget system incorporates the establishment of ward development committees to take over the role of budgeting at the ward level. The reform demolished the provision where the disposal of ward grants rested with the MPAs. As stipulated in s5(2) of the 2018 Ordinance, WDC has now been empowered to participate in the preparation of the draft estimates for the ward grants. The establishment of the PPDC to provide an oversight role for the WDC is also a means to further gauge wider participation involving NGOs, Women's groups, and church representatives at the provincial level.

The introduction of PB and the implications it has for social accountability (refer to Chapter 8) can be interpreted using Foucault's concept of reflexivity. According to McNay (1992a) Foucault's view in relation to reflexivity is the problematic notion of reflexivity where individuals constitute themselves as autonomous subjects. In an interview with Gerald Raulet, Foucault stated that his emphasis was on the process of constitution that takes place within a reflexive relationship of the self to the self. As discussed in Chapter 4, Foucault's (1983) concern is how the reflexivity of the subject is linked to the discourse of truth (cited in McNay, 1992a).

This study identified that the PB reform has facilitated a form of reflexivity where individuals critically reflect on their actions and the practices of the self. For the MPAs, the introduction of ward grants in the early post-colonial era instilled a mindset that their role was to implement ward projects in the same way the national MPs did with funds such as the RCDF. The ward grants facilitate a mode of governing for the ward members. Accordingly, the MPAs' participation in the governance of provincial affairs was minimal. For some provinces, one would hardly see an MPA at the provincial centre. Most of the time they were in their respective wards or villages and would only show up to pass the budget during annual budget meetings. The removal of ward grants is a form of reflexivity that allows the MPAs to reflect on themselves and their practices of the self. As evidenced in Chapter 7, the MPAs did not try to contest the decision when the reform was announced by the MPGIS. The MPAs rather accepted the decision by endorsing their respective FMOs in 2018. This suggests that the PB, together with the PCDF provides a means for the MPAs to reflect and attest the truth with the practices of their selves and especially their ethical considerations as Provincial Assembly Members.

The findings discussed in Chapter 7 also show that the participatory system has been effective at the provincial level. Despite start-up hiccups and gaps in the system, the reform has been found to render for the first time a participatory system that rural people have appreciated with welcoming applauses (see Chapter 7). A positive outcome of this reform as indicated in the findings is the enhancement of grassroots involvement in governance through the accounting tool participatory budgeting (PB). The establishment of PB has facilitated a social space for rural people in the provinces to participate in governance-related issues. Despite challenges with political interference in the appointment of WDC members, this study found the results are prevalent not only in the rural areas but also at the national government level in Honiara.

The positive outcome of the PB reform highlights how the reflexivity process has restored lost practices and identities as a result of subjectification. The empowerment of the rural people through WDCs has restored the clan-based form of governance where decision-making does not rest entirely with the leader. In the traditional system, a leader always consults with the people and the leader can be removed by the people if his actions run opposite to the interests of the people. The process of reflexivity has led to the reconstruction of new selves which led to attesting truth in relation to SIG's authoritative style of governing. Dean (1994) explained that Foucault's regime of truth is the production of knowledge, and technologies of government in the exercise of power, with a focus on the techniques of self as key to the exercise of freedom. In his interview with Gerard Raulet, Foucault explained his view in relation to the process of self-constitution that is associated with reflexivity (McNay, 1992b). For Foucault, the process of reflexivity analyses the relationship of the self to the self as a means of gaining the truth.

The PB as a form of reflexivity helps the rural population to reconstitute their identities as they take on the role of budgeting from the MPAs. In the process of reconstruction of their new selves, they can attribute truth in relation to the authoritarian style of leadership that is practiced especially by the national government. This authoritarian style of leadership where power is centralised is one of the practices of the self in relation to freedom. As discussed in Chapter 4, for the Solomon Islands the constitution of the self as a result of freedom is largely influenced by the set of techniques of the self that is historically linked to colonisation or the BSIP era.

The participatory system introduced at the provincial government level has created a social space that enhances social accountability. The participation of rural people through the WDC has been effective in this regard despite political interference from the MPAs. At the micro level, the grassroots at the provincial level have for the first time participated in elements of governance. Accounting through the PB plays a key role in facilitating this space where rural people are involved in budget preparation for the ward grants. The inclusion of sanctions where a tranche is delayed if the first tranche has not been retired signals the importance of proper retirement of the funds. It is a form of reflexivity that re-instated the mindset of adhering to expected norms in governance. Similarly put, it constructed a mindset that reminded the rural people of the importance of adhering to state rules in a similar way they adhere to kastoms.

The study found that rural people were able to question members of the WDC on why the grants had been delayed. There are instances where rural or village people report directly to the provincial office about abuse of ward grants by WDC members. That said, the spillover effects of participatory governance are also felt at the national level. The continuous calls for the abolition of the CDF show how rural people have been able to distinguish SIG's mode of governing using the RCDF and under the PCDF. The process of reflexivity has enabled rural people to attribute truth in relation to the two funds. Even one of the MPs in the national government has channelled part of his CDF allocation through the PCDF. As highlighted by a senior official at one of the provincial governments:

> Currently, in one constituency the MP supported four WDCs with money from CDF (wards 13, 16, 25 and 26). This is Hon. Tausinga's constituency. I think this should be the right approach. If all CDF can be channelled through the WDCs (Participant H7).

A women's representative from one of the provincial governments also shared similar views:

> The participatory budgeting I think it is one of the best by far. I have seen the direct impact of services at the rural. Unlike in the past, there is very little impact on people in the rural areas (Participant H10).

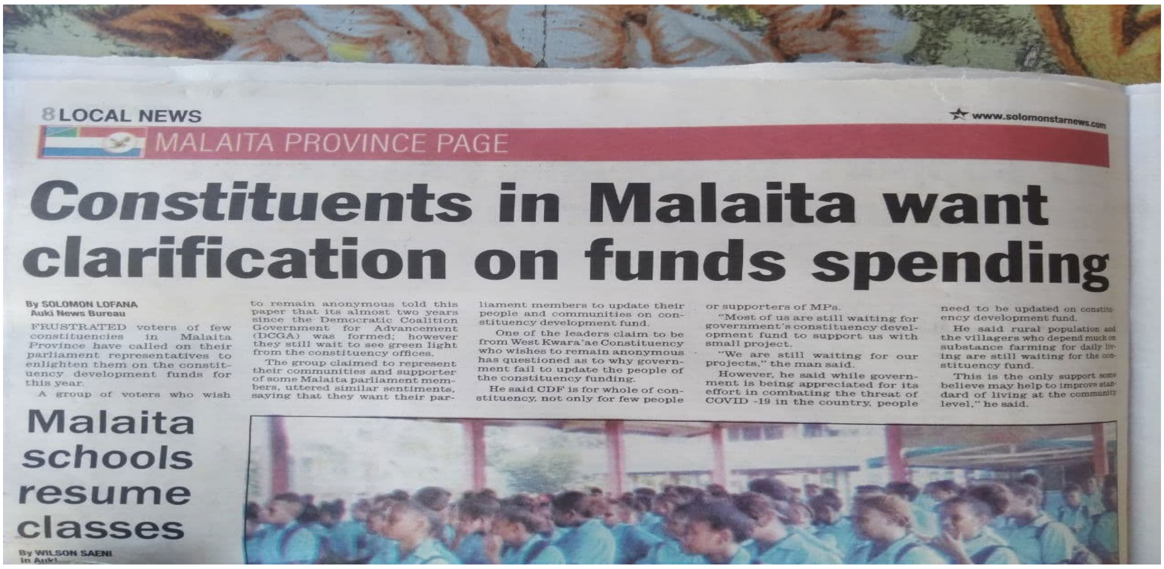
As rural people have become aware and knowledgeable about the difference between the funds, one of the positive implications is the call to divert the RCDF through the WDCs. The truth attributed to the funds has restored their identities, and hence rural people have realised the RCDF is immoral given it is a political tool used for political allegiance. In fact, the call for the abolition of the RCDF was formally presented to the implementing ministry of the RCDF. In response, a policy was prepared by MRD and was approved by Cabinet in early 2023, implying for the first time that the fund has a policy. Similarly, a Drafting Instruction was also prepared by the Attorney General’s Chamber in preparation for tabling the CDF Act in Parliament around November 2023. This study has identified these as key positive implications of participatory governance reform. The response taken by the Cabinet is a means of maintaining their ethical conduct towards the people as the mass population has attested the RCDF was unethical given its controversial nature.

Furthermore, another positive implication of the participatory system is the increasing use of social and print media to hold MPs and other authorities to account. In a recent media statement, a youth representative from one of the provincial WDCs made a call to the Minister of Health and his PS to explain to the public the reason for the deterioration of the public health service in the country. This call went on social media and attracted a lot of support from the mass public. The youth’s call as shared on one of the popular social media pages (Yumi Toktok Forum) stated:

> As a Youth Leader, I am calling on the Minister of Health and his PS to step down and resign. They are incompetent! The reasons are obvious. You don't need a rocket scientist to tell you. Our young people and children's lives are at risk with the current state of our health services. I am calling on the Parliamentary Health Committee to investigate the current state of our health services (YTTF, 2023).

In a similar media outlet, constituency members are calling on their MPs to clarify how the RCDF allocations have been spent. Figure 9.3 below shows how enhanced social accountability gives voice to rural constituency members to hold their MPs to account for the controversial RCDF.

Figure 9.1: Constituency members calling on their MPs to clarify RCDF fundings.



8 LOCAL NEWS

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MALAITA PROVINCE PAGE

Constituents in Malaita want clarification on funds spending

By SOLOMON LOFANA
Auki News Bureau

FRUSTRATED voters of few constituencies in Malaita Province have called on their parliament representatives to enlighten them on the constituency development funds for this year.

A group of voters who wish to remain anonymous told this paper that its almost two years since the Democratic Coalition Government for Advancement (DCGA) was formed; however they still wait to see green light from the constituency offices.

The group claimed to represent their communities and supporter of some Malaita parliament members, uttered similar sentiments, saying that they want their parliament members to update their people and communities on constituency development fund.

One of the leaders claim to be from West Kwara'ae Constituency who wishes to remain anonymous has questioned as to why government fail to update the people of the constituency funding.

He said CDF is for whole of constituency, not only for few people or supporters of MPs.

"Most of us are still waiting for government's constituency development fund to support us with small project.

"We are still waiting for our projects," the man said.

However, he said while government is being appreciated for its effort in combating the threat of COVID -19 in the country, people need to be updated on constituency development fund.

He said rural population and the villagers who depend much on substance farming for daily living are still waiting for the constituency fund.

This is the only support some believe may help to improve standard of living at the community level," he said.

Malaita schools resume classes

By WILSON SAENI

Source: (Lofana, 2021)

The enhanced social accountability at the national government level is a combination of ethical and moral considerations as a result of reflexivity. As Foucault put forward, practices of the self do not only remain a descriptive analytical category but rather these practices are processes of ethical reflection, understood at the concrete level of historical practices (McNay, 1992a). Thus McNay (1992a) pointed out that for Foucault, ethics is the degree of freedom accorded to an individual in determining the actual form in which his/her ethical practices should take place. For this study, the PB not only restored individuals' ethical codes through adhering to financial regulations. Rather, it also restored the moral element of ethics associated with the traditional form of governance (clan-based system). The action taken by the SIG in reforming the CDF Act implies a positive outcome of PB as a form of reflexivity in restoring moral values. The SIG has come to realise the truth associated with PAEs. Failure to respond to the call of the people to abolish the RCDF may lead to further social disorder such as riots and protests. Hence, while the MPs are pursuing their political agendas, equally important are their ethical and moral considerations (relations) with the people.

This study has illustrated that the participatory system not only enhances social accountability but has also restored lost identities as a result of subjectification. For the former, prior literature has shown how the PB has been problematic in enhancing participatory governance (Aleksandrov & Timoshenko, 2018; Kuruppu et al., 2016; Zawadzka-Pąk, 2021). In Sri Lanka, for instance, Kuruppu et al. (2016) found that PB's emancipatory potential has been undermined as politicians pursue self-aggrandisement and political dominance using the budget. In the Solomon Islands' case, the rural population has been empowered through the establishment of the WDCs. The continuous calls on social media questioning the MPs and authorities and especially the PSs to be held to account, implies positive implications of the PB at the national level. In most cases, authorities have been able to respond to the calls made on social media. This suggests that participatory governance has been enhanced as dominant leaders were able to respond to questions and allegations made against them on social media.

Foucault's concept of the self and in particular the element of reflexivity unveils the social implications of the reforms. These societal implications are discussed in the next subsection below.

9.3 Implications of accounting in its wider social context

This subsection discusses how the three technologies (cash basis IPSAS, PBB, and PB) were mutually constituted and how accounting was implicated in the wider social context. At the provincial level, the resistance by the provincial governments was attributed to the manner the reforms had been unfairly applied to them. The PCDF was politically motivated by the agendas held by leaders at the national level. However, despite this unfairness, the PGs have not attempted to contest this (not in public) but rather they willingly accepted the reforms which eventually were legislated in their respective FMOs in 2018. The two accounting technologies thus were found to normalise the provincial bodies. The study shows how problematic conduct among PGs through this normalisation process has reconstructed two forms of truth in relation to SIG's mode of governing. These two are discussed below.

9.3.1 Accounting restores self-discipline for the provincial assemblies

For the provincial governments, the political rationale that was attributed to the reforms was motivated by notions of power centralism, a significant feature of the contemporary bigman. However, while pursuing this rationale to govern, the reforms have been found to institute change at the provincial level. Despite evidence of resistance by the MPAs, they did not openly contest the decision by MPGIS with regard to the manner the reforms have been applied to them. Instead, they promoted forms of governance that focused on achieving the required level of compliance to ensure that their provinces were not disqualified from the annual PCDF grants. Their engagement in the financial affairs of the province was persistently proactive in seeking to adhere to the requirements of the PCDF. In this manner, they succeeded in achieving higher levels of compliance which attracted donor confidence and positive applauses from the OAG.

The scenario at the provincial level implies how accounting as a calculative technology was able to transform the problematic provincial government bodies (MPAs). The manner in which the reform was deployed denotes Foucault's concepts of disciplinary power which illustrates how the problematic PGs had been enclosed for closer monitoring along with the application of sanctions and rewards. Coupled with the PB where MPAs have been removed from ward development grants, it installed new mindsets as the MPAs became aware of their roles as provincial legislators. Mennicken and Miller (2012) highlights that accounting numbers are not only involved in the 'making up' of economic entities such as corporations, hospitals, and other organisations. Rather, accounting also helps to construct the type of persons or identities that inhabit these entities. For the PGs, the new mindset has been found to restore and foster moral behaviour through ethics (Foucault, 1984). The former norm of resistance to change as discussed in Chapter two was attributed to the battle for power between the headmen and the traditional elders.

Having said that, the reforms provide a means for MPAs to reflect on their roles as they become cautious of the need to adhere to FIs to avoid sanctioning their provinces from PCDF funding. This study interprets these using Foucault's concept of reflexivity. Foucault's concern in relation to reflexivity is recollection or going back to the past in order for the self to attribute truth to itself. The sanctions in the PCDF have cautioned the MPAs that noncompliance is immoral and leads to punishment by disqualifying the whole province from annual PCDF grants. Similarly, administrative functions such as implementing projects related to ward grants are not their role as MPAs. The desire to remain ethical to the people by complying with the regulations of the FMO and playing their role as MPAs has restored and fostered the truth associated with the role that identifies them as Assembly Members at the provincial level. This highlights how accounting technologies were inextricably linked to the construction of new identities and the relative truth that they establish (Mennicken & Miller, 2012).

9.3.2 Accounting restored the truth associated with governance

Participatory development through the use of local knowledge in government accounting reforms has been the discursive agenda of international institutions (Ackerman, 2004). In recent literature, this has been reiterated, calling for more Indigenous involvement in the development of accounting reforms that incorporate local participation for greater accountability and transparency (van Helden et al., 2021). The scenario at the provincial level demonstrates how accounting technologies such as those inspired by the NPM have been effective when they are locally designed. The PCDF, which denotes notions of Foucault's normalising sanctions, was instrumental in pursuing the role of accounting as a calculative technology, especially in settings with dominant informal systems. Integrating accounting technologies with the PCDF helped to restore moral values in relation to the Solomon Islands' traditional governance system (clan-based system).

In the traditional clan-based system, the leader is a well-respected male who always consults with his people on important matters relating to the clan (Gegeo, 1994a). Accounting plays an instrumental role in the restoration of this traditional form of governance by empowering WDCs to take the lead in implementing ward grants. For instance, WDCs decide on what projects are to be implemented and are also responsible for the overall implementation of ward grants. As rural people were involved in the new budget system, it created new knowledge and perspectives in terms of governance. Central to this is the importance of compliance where rural people have learned the importance of reporting on how the funds have been used. For instance, rural people became aware of the significance of retirement of funds through producing a report. Similarly, rural people were also informed that the retirement of each of the quarterly tranches is important so that the next tranche can be released. All these routine exercises introduced by the PB reform that involved the wider rural communities were found to have installed new knowledge and perspective in relation to governance that is associated with the PCDF.

In the traditional clan-based system, clan members participated in discussions on traditional feasting, gardening, fishing, and land issues. In this form of governance, adhering to cultural values and norms is crucial for upholding of relationships and maintaining peaceful living. That said, in the clan-based system adhering to cultural values and norms provides a means for clan members to relate to one another in relation to cultural responsibilities and obligations such as in death, feasting and bridal ceremonies. What this suggests is that social norms form the basis of how one is accountable to others. With the introduction of the PB reform, a new form of accountability where ward members or WDCs are required to be accountable through reporting was introduced. As mentioned above, proper retirement of the quarterly tranches is important and a WDC can be punished by delaying of further tranches if they fail to provide proper retirements.

This study maintains that the PB provides a means for the ward communities to reflect on their selves in the same way that the MPAs have reflected on their roles and provincial duties. Rural people have learned that adhering to financial regulations in the FMO implies *duim stret samting* (moral conduct) in the same way that they adhere to kastoms. It provides a sense of reflection as they gain new knowledge that helps them to reflect on the two funds – PCDF and RCDF. Foucault's reflexivity provides a means for the rural people to attribute truth in relation to the contemporary form of governance, one that signifies accountability that is associated with reporting and complying with rules. The constant calls for the abolition of the RCDF illustrated that the process of reflection has been found to create new selves. In 2022, the call was formally lodged with the responsible Ministry (MRD) which implies that the new identities or the selves were able to attribute truth in relation to SIG's mode of governing using the PAE. Foucault's notion of counter-conduct is used in the next subsection to enlighten us further on how the resistance has led to changing SIG's mode of governing.

Furthermore, this study also found that the enhanced social accountability mentioned above was also aided by social media. For instance, on Facebook, every province has a page where important government issues relating to their respective provinces are discussed. In some of those pages, the MPs can communicate openly with the people, for instance, the Facebook page for West Makira. The MP for West Makira has been open in addressing issues and questions raised by his people. Recognising the importance of open discussions on Facebook, government officers use the popular Facebook pages to leak confidential information that exposes misappropriations at the national level. In most cases, authorities have been found to respond positively to the calls and allegations made against them on social media. This shows that participatory governance has been achieved not only at the provincial level but at the national government as well.

What this suggests is that the integration of local knowledge supports the emancipatory potential of the PB in fostering cultural values, in the case of this study, the revival of the clan-based form of governance. As mentioned above, the traditional clan-based leadership is one where the leader listens to the people. A leader can be removed if he goes against the wishes of the people. This form of leadership was lost with the introduction of the one-man form of leadership that is authoritarian and was practiced more at the national level. Moreover, the constant call for MPs and senior government officials such as the PSs to be answerable for issues raised on local social media implies a move away from the authoritarian style of leadership where it is disrespectful to question leaders. The recent attempt in 2020 to ban Facebook in the Solomon Islands was an outcome of this. Powerful actors at the national level feared the rise of the rural population with the increasing calls for accountability on social media, especially with regard to the RDCF. Accounting has thus been instrumental as a calculative technology in countering the dominant power centralism regime at the national level.

9.4 Notions of counter-conduct

Counter-conduct is a form of resistance that emerges in response to the early forms of pastoral Christianity (Odysseos et al., 2016). Foucault used it to demonstrate the struggle against the processes implemented for conducting others. For contemporary governments, Foucault used the term 'governmentality' to mean resistance to forms of government (Death, 2010). Foucault's extended version of governmentality utilising counter-conduct helps to show the role of accounting in competing programmes (Boomsma & O'Dwyer, 2019). In principle, accounting research on governmentality has identified that the programmes of government draw on technologies and rationales that often are not aligned, compete and counter one another (Ahrens et al., 2020; Boomsma & O'Dwyer, 2019). Yet, little is known about how accounting is implicated in situations of conflicting programmes and rationalities (Ahrens et al., 2020). It is within this context that Foucault's concept of resistance or counter-conduct is used for this chapter.

Specifically, the concept of counter-conduct is used to unpack the role of accounting in countering notions of power centralism held by leaders in the national government. The above discussions explore in-depth conflicting forms of accountability (managerial accountability, social accountability incorporating cultural dimensions) and their associated political rationalities (Miller & Rose, 1990; Rose & Miller, 1992a). The first form of accountability was aimed at improving the performance and efficiency of government agencies and programmes (Hood, 1995). For SIG, this was part of the revitalisation programmes promoted by the donor partners to promote and foster the application of compliance mechanisms and instruments of change. Accordingly, new accountability mechanisms geared towards performance-based measurements have been introduced in the PFM Act. While this form of accountability has been introduced, it clashes with the cultural elements associated with the social form of accountability that is dominant, especially at the national level. This form of accountability denotes the significance of existing informal systems such as the bigman politics which is intertwined with the rationale for governing the rural population through the PAEs.

Furthermore, a social form of accountability also emerges as a result of the introduction of participatory budgeting at the PG level. This was the social form of accountability that emerged as a result of the moral push (Dubnick, 2014) from the PGs. This social form of accountability has been found to counter notions of power centralism as people have been able to question publicly government policies and modes of governing. In fact, the emergence of this latter form of accountability is a form of resistance towards SIG's mode of governing. As Foucault (2009) explained, the essence of resistance lies in the struggle for alternative forms of governing or counter-conduct. For this study, the continuous calls for the abolition of the RCDF is a form of counter-conduct where mass citizens have shown their resistance to the PAE as a mode of conduct for the rural population.

For the PAEs, Solomon Islanders have realised the truth associated with the fund which often was disguised as a mode of conduct using rhetorical terms such as *People's Budget* and *Rural* and *Livelihood Programmes*. This suggests that the introduction of the participatory budgeting (PB) has been found to shape, constitute and restore identities which have been lost as a result of colonisation. According to Hartman (1992) the retrieval of buried knowledge or knowledge that has been subjugated allows individuals to connect with their histories. For this study, the process of going back, or what Foucault calls reflexivity provides a means for Solomon Islanders to reclaim their traditional knowledge which offers alternative means of interpretation to the current status quo (Knights & McCabe, 2000). Foucault (1982) emphasises that the existence of resistance can be used as a chemical catalyst to bring light to power relations, locate their position and find out their point of application and the methods used.

The recent media report by MRD confirming that Cabinet had approved work on amending the current CDF Act is a significant outcome of the resistance to SIG's mode of governing using PAEs. The media statement stated:

> CDF is a good thing since it is easy to access by rural people, reaches remote rural areas and touches rural lives in many ways. But the management and governance part of it is an issue, and so the review work to improve it. Cabinet has approved the policy (SICD) in March this year and that sets a bedrock for the ministry to go ahead with the review work on the CDF legislation 2023 (MRD Media, 2023).

In the proposed amendment, MPs have been removed as signatories to the CDF bank accounts in a similar manner to the provincial ward grants. Similarly, the new Act proposed the establishment of constituency officers to implement the fund in the similar manner as the PCDF. In fact, it is an attempt for the national MPs to regain their social status. Solomon Islanders at both levels of government have gained new knowledge and mindsets that view the PCDF modality as a better governance mechanism that entails greater accountability and transparency than the RCDF or PAEs. In the local bigman setting, this reflects negatively on the image of the bigman, let alone the applause given by the Auditor General's Office and the announcement of donor support for the provincial governments.

The above carves out potentially important roles for accounting as a calculative practice. Accounting was intrusive in shaping SIG's mode of governing. As highlighted by Mennicken and Miller (2012, p. 7) "….accounting numbers configure persons, domains, and actions… This chapter thus demonstrated how accounting was instrumental in countering notions of power centralism which demanded a change to SIG's mode of governing. This illustrates how accounting was implicated in countering conflicting programmes which led to the restructuring of controversial programmes.

Ahrens et al. (2020) demonstrate how accounting technologies (e.g., heat maps) have been able to counter budget cuts across local governments. Boomsma and O'Dwyer (2019) similarly revealed how problematic conduct amongst Dutch NGOs countered the Dutch government's co-financing scheme for NGOs. This study also shows a counter-conduct from a problematic government agency. However, the emphasis is on counter-conduct within a socio-cultural context involving conflicting forms of accountability and how this leads to the reconstitution of government rationalities and programmes. This study therefore not only considers how accounting and accountability mechanisms operate as technologies of government (Neu & Graham, 2004; Neu & Heincke, 2004; Neu et al., 2010). The study goes further to unpack the dynamic, mutually constitutive interrelationship between these technologies and the changing rationalities and programmes. Within this context, notions of accountability have been reconstructed, demanding a change to SIG's rationales and programmes.

9.5 Chapter summary

This chapter examines the outcomes and implications of the reforms which address RQ3 and RQ4 in two folds. The first identifies the implications for the NPM while the second identifies the overall implications of accounting in the wider social context. For the first, Foucault's concept of ethics which is associated with practices of the self was used to discuss how the concept of accountability under the NPM doctrine clashes with notions of social accountability that are attributed to the bigman system. Under the NPM framework, accountability is ascribed with responsibilities and requirements for performance to be measured and compared against established indicators. The focus of accountability in this regard is performance-based and is aimed at achieving improved efficiency of public sector service delivery. In contrast, the form of social accountability that is attributed to the bigman system is one that ascribed accountability with social relations and visibility. Ethical norms and relations play a significant role in providing the basis of this social form of accountability. While emphasis of performance measurement is also prevalent in this social form of accountability, this is however, more related to the maintaining of ethical relations that attribute judgement with visibility. Consequently, it undermines the significance of reporting which is crucial for asserting truth and judgement for NPM based accountability that is entailed in the reforms.

For the second part, the chapter identifies the implications of accounting not only to pursue economic rationales but also the societal implications. Drawing on Foucault's reflexivity, the chapter highlighted how participatory budgeting through enhanced social accountability has been instrumental in restoring lost identities as a result of colonisation. The enhanced social accountability has led to greater grassroots participation in governance. Similarly, rural people have also learnt the importance of reporting and especially the importance of adhering to financial regulations. Foucault's concept of reflexivity helps to explain how the enhanced social form of accountability as a result of PB has led to the reconstruction of new knowledge and identities. A significant outcome of this is how reflexivity restored moral norms leading to resistance to SIG's mode of governing through funds such as the RCDF. The mass population was able to attribute truth and judgment in relation to the fund, and hence have called on the national government to abolish it.

The chapter thus highlights how accounting plays a significant role in countering notions of power centralism that is a key attribute of the bigman system. Although the reforms were not able to achieve the expected outcomes in relation to the overarching objectives of NPM (e.g., accountability and decentralisation, especially at the national government) accounting was involved in countering the dominant rationale for governmentality in relation to the controversial PAEs. The new CDF Act 2023 with the removal of MPs as signatories to the fund is one of the significant social implications of the reforms. It demonstrates how accounting technologies through counter-conduct have led to the reconstruction of political rationalities that are associated with governing, using controversial modes of conduct. In the next chapter, I demonstrated how these findings have contributed to the existing body of knowledge.

CHAPTER 10: CONCLUSIONS AND SUGGESTIONS FOR FUTURE RESEARCH

10.1 Introduction

This research was predicated on the claim that the role of accounting in facilitating change through NPM-inspired accounting reforms such as accrual accounting and performance budgeting can be understood with reference to the particular setting where the reform is implemented (Assad et al., 2016; Hopper et al., 2017). Since 2010, the Solomon Islands government has been struggling to implement the cash IPSAS as a means of improving the level of accountability in the management of government resources. The reform discussion was initiated in 2008 as part of the economic recovery initiatives following the ethnic unrest in 2000-2003. However, despite efforts by key donors such as AusAID and UNDP, the cash IPSAS failed to be implemented by the national government and was implemented only by the provincial government. The resistance by the national government, however, is consistent with findings in prior literature demonstrating the lack of political will to progress and hence institutionalise reforms of such nature (Bakre et al., 2017; Bakre et al., 2021; Rajib et al., 2019).

This study was framed to provide an in-depth understanding of the adoption of two NPM-inspired accounting reforms (cash IPSAS and performance budgeting) and the participatory budgeting initiative in the Solomon Islands. This chapter provides a summary of the study by drawing on findings from the previous chapters to provide conclusions and identify the contributions it makes to the body of knowledge. In particular, the four research questions held by the study provide the basis for the findings and contributions the study makes. In the next subsections, I summarised how the study addressed these research questions and contributed to the body of knowledge followed by directions for future research.

10.2 Summary for each research question

To gain rich insights of this subject, four research questions were established for the study. This section provides the summary of the four research questions to highlight the contributions this study made to the body of knowledge on this subject.

10.2.1 Research Question 1: How are the reforms adopted and practiced?

This first research question was aimed at addressing how the two reforms have been adopted and hence practised at both the national and provincial levels. Chapter 6 addressed the *how* question at the national level while Chapter 7 addressed this research question at the provincial government level. Firstly, at the national level, the adoption of both the cash IPSAS and performance budgeting has been problematic. For instance, with the former, the 2017 Annual Audit Report revealed a continuous disclaimer opinion for the national account since the adoption of the reform in 2014. There has not been any improvement as the same audit issue continues to emerge. Similarly, findings from this study also revealed that the end-of-the-year financial reports for the national account have not been submitted to the OAG since 2018. A key factor noted in the findings is the establishment of funds such as Special Funds (e.g., the Trust Fund implemented at the Ministry of Infrastructure and Development) and the controversial RCDF which has severe implications for reporting on the national account in compliance with the cash IPSAS. Given the controversial nature of such funds (PAE) where the disposal authority rests with the MPs, this situation violates the principles upheld in the Public Finance and Management Act 2013. The MPs' roles as legislators have been spelled out in the Act consistent with the national Constitution. Given that MPs have become the shadow Accountable Officers, compliance and reporting using the cash IPSAS becomes almost impossible for the national account.

For the performance budgeting reform, the Act introduced in principle performance measurement criteria and medium-term budgets. Performance indicators were established in s48 and medium-term budgeting principles in s45. Both were aimed at introducing SIG to a medium-term expenditure framework (MTEF). Findings in Chapter 6 showed that the PBB has been institutionalised with the aid of a budget template. Line ministries have put considerable effort into complying with the requirements of the template despite its technicalities. In a similar vein, budget committees were also established to improve coordination between line ministries and the four key implementing ministries (PIMEU, MNPDC, Budget Unit at the Ministry of Finance, and the Ministry of Public Service) in meeting the deadline for the tabling of the draft estimates in Parliament.

Notions of power centralism have been identified as the key factors that impede the implementation of the PBB at the national government level. This is illustrated through the circumventing of regulations in the PFMA relating to the budget strategy and the medium-term development programme (MTDP). This is to ensure that power over the budget strategy remains with the Cabinet. Notions of power centralism are linked to the PAE to ensure the policies of the ruling executive are prioritised, given the uncertainties in revenue collection. This has had greater implications for the PBB as it has delayed the implementation of ministerial annual work plans. Additionally, it also led to unrealistic budgets or *paper budgets* as they are commonly known in the Solomons. Pressure from the Cabinet led to unrealistic revenue projections and false expectations for ministries.

The PBB also includes budget reviews to enhance the reporting element of the reform. A traffic light system was established to support this reform and is implemented by the MNPDC. Similar to the budget template, line ministries are required to submit bi-annual reports on the progress of their annual work plans. The reporting template containing the traffic light system also incorporates principles of performance measurement indicators. Despite its technicality, ministries have put enormous effort into complying with the reporting requirement. The cash flow issue at the Ministry of Finance is a major setback to this reporting reform. An outcome of the continuous delay of funds is unrealistic reporting at the ministerial level which affects the final budget outcome report. More important is the reporting of PAEs such as the RCDF which often consume a larger portion of the development budget. PAEs such as the RCDF lack measurable indicators and therefore there is nothing to report on using the MTEF. The study found the adoption of the two reforms (cash IPSAS and PBB) at the national level was symbolic of gaining legitimacy from donor partners.

At the provincial level, the cash IPSAS was formally established in the newly amended financial management ordinance (FMO) of the provincial governments in 2018 (for most provinces). However, informally, the PGs have been applying the cash IPSAS standard since 2010 after the announcement by the mother ministry (MPGIS) about the adoption of the reform. Interestingly, while the national account delays consolidation and is silent regarding the adoption of third-party disclosure, these standards were pursued in the provincial governments' Ordinances (FMO). PGs are required to disclose the relationship between third parties and the entity. Similarly, payments made to and made by third parties are also required to be disclosed separately on the statement of cash receipt and payment and comparative budget statement. For consolidation, the PGFI prescribed disclosure requirements in points (4) and (5) consistent with Cash IPSAS standards.

While the national government has been struggling to implement the reform, the PGs have accelerated with this reform and have shown a lot of improvement as revealed by the Auditor General's report in 2019. Past literature has also shown the struggle faced by a lot of developing and emerging nations in streamlining their local accounting practices with IPSAS (Adhikari et al., 2015; Rajib et al., 2019). For instance, in Bangladesh, Rajib et al. (2019) illustrated how the normative pressures (DiMaggio & Powell, 1983) exerted by the international professional bodies have been the key drivers leading to the adoption of the cash IPSAS. Due to a lack of coordination and collaboration between the international professional bodies, who were the front-line actors, the reform failed to translate into organisational best practices. Issues relating to decoupling were commonly found in developing countries as revealed in the prior extant studies (Adhikari & Jayasinghe, 2017; Hopper & Lassou, 2016; Mir & Sutiyono, 2013).

This study presents a scenario different from what is commonly cited in the literature on this subject. It presents a case where the reform was locally designed with the use of local knowledge where locals have been the front-line actors stationed at the nine provincial governments. The remuneration package is also a motivational factor for greater local participation in this reform. Furthermore, because the objective for reform was also driven by political motives held by the national government, there was greater political will towards the reform. The PCDF framework has been instrumental in the successful implementation of the reform at the provincial level.

In terms of budgeting, while the PBB was adopted by the national government, the FMO prescribed the participatory budgetary system for the provincial governments. Similarly put, while the national government ensures that budgetary powers remain centralised with the Cabinet, at the provincial level this power has been removed through the establishment of the WDCs. This is a clear indication that the intention of the reforms at the provincial level is politically motivated. Both reforms are overtly tough compared to the ones adopted by the national government. It illustrated how the reforms have been unjustifiably applied at a provincial government setting that resembles a village government setting.

For international best practices such as the cash basis IPSAS, relevant institutional capacity is an important criterion that qualifies a government to adopt such standards. In most cases, international donors like the IMF and the World Bank take the lead in the preparatory work before the standard can be formally adopted as illustrated in other developing countries such as Bangladesh and Sri Lanka (Adhikari et al., 2013; Adhikari et al., 2015; Rajib et al., 2019). In the case of the Solomon Islands, the reforms were politically motivated so there was a political will that pursue the reform which was translated into organisational best practices.

The PCDF, incorporating a set of sanctions and reward systems, provided a means for the national government to institutionalise change at the provincial government level. The use of such sanctions is not new for Solomon Islanders. As discussed in chapter two, Solomon Islanders have a history of subjection including various sanctions during the BSIP era. Key ones include the sanctions applied in the plantations, boarding schools, the head tax law, and sanctions applied through headmen for collection of fines and fees. Solomon Islands headmen are familiar with how sanctions had become a useful tool in enforcing rules in the early colonial administration. Accordingly, it became an effective tool in governance. As demonstrated, despite capacity issues at the provincial level, the use of sanctions through the PCDF was able to institutionalise the two reforms which had significant implications discussed in RQ3 and RQ4.

10.2.2 Research Question 2: Why are the reforms adopted and practiced in the manner in RQ1?

The study has demonstrated that at the national government level, the adoption and practice of the two reforms (cash basis IPSAS and performance-based budgeting) have been influenced by notions of power centralism which is prevalent in PAEs such as RCDF and Special Funds. Drawing on Foucault's concepts of power/knowledge, PAE is an attribute of the bigman and has been one of the practices of the self that were aimed at elevating oneself. It was established in the early post-colonial era as a mode of conduct for governing the rural population. The authoritarian style of leadership that was practised mostly at the national level coupled with an increasing level of misappropriation in the forestry industry in the early post-colonial era prompted the establishment of PAEs as a means of regaining people's confidence in the national government.

The PAE therefore has become one of the most influencing factors that impede the implementation of the two reforms at the national government. Given its political rationality, it overrides other programmes of the SIG such as those intended to achieve good governance. The reforms form part of SIG's economic revitalisation programmes that were initiated by SIG's donor partners. However, the existence of PAEs and related informal systems such as wantokism and kastoms resulted in the domain of the national government not being conducive to programmes of such a nature. These informal systems have been dominant in conceptualising SIG's mode of governing. Thus, the two reforms became problematic and were not able to institutionalise change. Foucault's notions of governmentality including the extended version (Rose & Miller, 1992a) together with the technologies of the self (Foucault, 1988) showed the complexities of the national government domain, that made up of diverse programmes with conflicting rationales. These explained why programmes aimed at installing fiscal discipline and improved governance have not been achieved at the national government level.

At the provincial government level, Foucault's concepts of disciplinary power (Foucault, 1977) was used to explain how the cash basis IPSAS and participatory budgeting have been adopted and practiced. In particular, Foucault's techniques of correct training such as the hierarchical gaze, normalising sanctions, and examinations provided the theoretical lens that explains how the cash IPSAS and the participatory system have been able to institute change at the provincial level. The tensions between the two levels of power as discussed in Chapter 2 had adverse implications such as resistance to the national government and continuous calls for self-government. The reforms provided a means to discipline the provincial governments using a locally designed framework, the PCDF. The PCDF which incorporates a set of sanctions and reward systems denotes Foucault's normalising sanctions which were used to correct the behaviour of the MPAs. Accordingly, the study shows how the reforms have normalised the resistance to change mindset held by the provincial elites (MPAs).

The study has identified that the process of normalisation had restored moral values for the MPAs and the rural communities. This is related especially to the participatory budgeting (PB) with the establishment of WDCs and the removal of MPAs as signatories to ward grants. The PCDF sanctions together with the PB provides a means for the MPAs to reflect on themselves, their identities and their roles. The process of reflection helps to attribute the truth about their identities and especially their role as Assembly Members. In a similar vein, the empowerment of ward communities through the PB has been found to create new identities for rural people. Accounting as a calculative practice was instrumental in enlightening rural communities about SIG's modes of governing. For instance, rural people were able to tell the difference between governing through PAE and through the PCDF where one renders more accountability and is more transparent than the other. Accordingly, the rural and the mass public have gained new knowledge that helps attribute truth in relation to SIG's mode of governing using PAEs. The outcomes and implications are addressed in the next two research questions.

10.2.3 Research Question 3: What are the outcomes of the reforms?

This research question examines the outcomes of the NPM-inspired accounting reforms for the two levels of government. At the national level, the cash IPSAS and performance-based budgeting have been problematic. The findings show that the reforms were adopted merely for ceremonial purposes to gain funding from donors. Informal systems that co-existed with state apparatuses were dominant, hence, resulting in adverse outcomes for both reforms. As shown in almost all the annual reports of the Auditor General since the adoption of the reforms in

2010, there was no improvement in terms of compliance. The occurrence of some audit issues and the lack of effort to address the issues implied the reforms were not producing the expected level of compliance. The existence of PAEs is a key influential factor that impedes both reforms at the national level. Similar findings were also found in other developing countries where political agendas held by the politicians have clashed with the objectives of reforms such as IPSAS in enhancing accountability (Assad et al., 2016; Bakre et al., 2017; Bakre et al., 2022; Helden & Ouda, 2016). Thus this study also supports the extant literature that illustrates how the role of accounting in facilitating change through reforms of such nature becomes problematic in public sector settings that have strong kinship cultures, ethnicity, nepotism, over bureaucracies, and patronage politics (Bakre et al., 2017).

Moreover, although the PBB has been institutionalised with the aid of a budget template and a traffic light system, evidence from the study shows that the PBB failed to achieve its intended outcomes. The role of the Cabinet in budgeting has limited the efforts of both the budget template and the traffic light system in supporting the PBB. Executive priorities were largely not aligned with the established MTDPs. Thus, there was nothing to measure as the bulk of the development budget was allocated to PAEs and other related funds, for instance, the recent economic stimulating projects (ESP). Prioritising the PAEs at the Ministry of Finance also impeded the efforts of the PBB through ministerial annual work plans. As discussed in Chapter 8, the timeline of MPs coupled with the need to be accountable to the people is crucial when complying with the established MTDPs. Under such situations, reporting on performance-based outcomes consistent with the principles of PBB becomes almost impossible for SIG. Accordingly, the budget outcomes remain vague and lack credibility as illustrated in most of the final budget outcome reports (e.g., the final budget outcome report for 2018).

At the provincial level, the two reforms (cash IPSAS and participatory budgeting) have been integrated with a locally designed financial framework called the PCDF. Evidence held in Chapter 7 shows how social accountability has been enhanced. This was not only found at the provincial level but also the national government level. For instance, on social media, the public was able to question the MPs and senior officials such as the PSs. It is also rare for relevant authorities not to respond to the calls and allegations made on social media. While prior studies have shown how participatory methods such as participatory budgeting failed to achieve enhanced local participation in governance in settings like for instance, Sri Lanka (Kuruppu et al., 2016) and Indonesia (Eggleton et al., 2015), this was not the case for the Solomons. The study contributes to this discussion by highlighting the significance of using local knowledge to aid participatory methods and neo-liberal reforms such as cash IPSAS.

10.2.4 Research Question 4: What are the implications of the reforms?

Chapter 9 explores the implications of RQ1 and RQ2 at the two levels of government. There are two main implications discussed in Chapter 8: (1) implications for NPM and (2) how accounting is implicated in its wider social context.

10.2.4.1 Implications for NPM principles such as accountability and efficiency

For the first, the study has demonstrated that NPM's advocated accountability that is based on market principles has been countered by the social form of accountability that is associated with the bigman system. In Solomon's bigman context, accountability operates horizontally between the bigman and the people. It is a form of accountability that is grounded on ethics and reciprocity embedded in shared norms that spell out how one should behave and act (Sinclair, 1995). In this form of accountability, social systems create the standards that are used to hold individuals to be answerable (Schlenker & Weigold, 1989). Furthermore, in this social form of accountability, the concept of visibility is crucial as it is used as a form of verification for attributing results in relation to the performance of the bigman.

This becomes a problem for NPM as it supplants the need for reporting on the funds which is a crucial means for discharging accountability. Mack and Ryan (2007) pointed out that the annual report is a significant accountability mechanism used for reporting on the performance and governance of public organisations. Reporting is considered a significant means of discharging accountability (Rutherford, 2000). However, from the bigman's perspective, reporting is only an administrative matter. What is more important is that a clinic or a classroom is built within the four-year term of an MP and is witnessed by the people. Accordingly, the need for reporting has been undermined by this social form of accountability that links performance with visibility.

Given this perspective on reporting, there was little attention given to strengthening the audit regulations. In fact, auditing is a sensitive subject as it implies assessing the performance of the bigman. Consequently, the proposed audit bill was never approved by the Cabinet. This is because it intended to provide for the independence of the Auditor General including the incorporation of performance-based auditing standards. For SIG, this means the Auditor

General would have autonomy which is a threat to the political rationales held by the elites in the national government. Similarly, performance audit means funds such as PAEs that lack policies and are not aligned to the MTDPs or MTEF will have nothing to measure against. The study thus supports prior literature that demonstrated how business-like practices, championed by professional accountants and international bodies are not compatible with settings that entail dominant power centralism regimes (Bakre et al., 2017; Bakre et al., 2022; Eggleton et al., 2015).

Foucault's concept of ethics was used to explain how accountability advocated by NPM was not achieved. Ethical norms embedded in the social form of accountability that is associated with PAEs have been found to override the need for reporting. Thus, complying with state regulations such as the requirements of the cash IPSAS is not important. Accordingly, the PAEs were rarely reported and hence audited. Similarly put, accountability advocated by the reforms is not compatible with the social form of accountability that exists in the bigman context.

The study also demonstrates how local-led development discourses such as participatory budgeting have been effective in fostering citizens' involvement in governance not only at the provincial level but also at the national level. While prior literature has shown PB initiatives in developing countries and emerging economies have failed (Grillos, 2017; Jayasinghe et al., 2020), this is not the case for the Solomons. In the Solomons' case, the deployment of the PB at the provincial governments was politically motivated. The study found that there was political will behind the PB which is attributed to SIG's dire need for greater collaborations with the provincial assemblies to improve SIG's efforts for revenue collection. As discussed in Chapter 2, more than 80% of land and resources in the Solomon Islands are under the mandate of the provincial governments. As such, the resentment towards the national government makes it difficult for SIG to improve its revenue collection initiatives, hence the incorporation of the PCDF framework.

However, the introduction of the PB was effective in enhancing social accountability. Both reforms have been found to normalise the PG bodies. Moreover, accounting was also implicated in other social areas. These are discussed in the subsections below using Foucault's concepts of power mentioned below that aided the study in explaining the social or societal implications of the reforms.

10.2.4.2 Implications in the wider social context

Foucault's concept of governmentality including elements of the self, reflexivity, and counter-conduct were used to illustrate how accounting was implicated in its wider social context. Firstly, Foucault's concept of reflexivity aids the study to explain how the normalcy gained at the provincial government level had led to a process of reflection or recollection. The normalcy provides a means for MPAs to reflect on their roles and responsibilities as Assembly Members. As they strive to maintain the required level of compliance, it restored their ethical considerations to state regulations. It cautious and reminds their *selves* of the importance of complying with state regulations in a way similar to the way they adhere to kastoms. The normalcy which denotes reflexivity has led MPAs to recognise the importance of remaining ethical to the people to avoid sanctioning their provinces from PCDF funds. In doing so it restores their moral values which led to easing the tensions with the national government. Accounting was thus instrumental in mediating the conflict between the two levels of government. As discussed in Chapter 9, the national government has progressed the work on the reviewing of the Provincial Government Act with the aim of devolving more powers and functions.

Secondly, the study has shown how the participatory budgeting reform has empowered the grassroots and wider public participation in governance. At the provincial level, accounting as a calculative technique helps rural communities to understand notions of accountability through the establishment of WDCs. WDCs comprising ward communities were able to understand the importance of the retirement of the ward tranches through reporting and proper documentation so that the next tranches could be released. These routine calculative techniques have significant implications as they create new knowledge that attributes truth in relation to SIG's mode of governing using the PCDF rather than the controversial RCDF. This led to the third social implication which is discussed using Foucault's concept of counter-conduct.

The third implication as mentioned above, is how the study demonstrates that PB has been effective in countering the dominant power centralism regime that exists at the national government level. Citizens have been able to question government policies and methods of governing on social media. The continuous call for the abolition of the RCDF shows how citizens have been empowered with the truth concerning governance using PAE. It creates new mindsets relating to governing through the RCDF or PAE modality, which is seen as lacking accountability and merely tools used for political allegiance. Accounting as a calculative technology restored the truth associated with governance which has led to a mass outcry for the fund to be abolished.

Prior literature has illustrated how accounting was deployed as a governmentality regime to achieve certain normalisation in specific settings at both micro and macro levels (Alawattage & Azure, 2021; Baud & Chiapello, 2017; Bigoni et al., 2020). However, the role of accounting when different programmes with often conflicting rationales are mobilised to pursue political rationales through particular technologies remains unclear (Ahrens et al., 2020). Ahrens et al. (2020) pointed out that accounting can play diverse roles in situations of counter-conduct. This study contributes to this debate by highlighting how accounting technologies were instrumental in demanding change in certain modes of governing that are considered controversial in societies. In doing so, the study provides empirical evidence that supports recent calls to pay attention to the context to understand better how accounting can be implicated within its broader social context (Mennicken & Miller, 2012; van Helden et al., 2021).

10.3 Study's contributions to knowledge

The current research makes significant contributions to knowledge. Firstly, this study identifies the gap in relation to the social or societal impacts of accounting tools related to NPM (van Helden et al., 2021). Drawing on Foucault's concepts of power/knowledge the study provides an alternative view of this accounting phenomenon that identifies the broader and social implications of the accounting phenomenon in the Solomon Islands. In particular, Foucault's theoretical constructs that were used in this study demonstrated the constitutive role of accounting in responding to societal issues related to governance and governmentality. The new CDF Act 2023 is a significant societal change as a result of these reforms. The Act had removed the discretionary power over constituency-related funds from the Members of Parliament which paves the way for improved governance in the management of these funds.

Another similar development or social implication of the reforms is the current work towards devolvement of power. As demonstrated in the findings' chapters, the reforms were instrumental in mediating political conflicts between the two political groups, national and provincial. There has been improved dialogue and collaboration between the two governments. A recent development is the proposed Revenue Sharing Bill that is currently under review to be tabled in Parliament. The Bill intends to allocate a certain portion of the revenue from the provinces back to the province. Altogether, the study illustrated that accounting tools framed under the doctrines of NPM are not only to achieve economic benefits as advocated by public sector scholars (Guthrie et al., 2005) but can also be mobilised to address social or societal issues.

Apart from the social contributions, this study provides empirical evidence that supports the call for an integrated system that involves local participation in reform development (Lassou et al., 2018). The study examines how local knowledge can aid the implementation of international best practices to achieve better results. Prior literature has shown that there has been relatively little in-depth exploration of how advanced reforms such as those inspired by the principles of NPM can be framed to relate to localities of developing countries and emerging economies (Kuruppu et al., 2021; van Helden et al., 2021). For this study, although the expected level of compliance has not been achieved especially at the national government level, it enhances social accountability which was prevalent in countering dominant power centralism regimes at the national government level. Social accountability is a threat to centralised regimes associated with patrimonialism, especially for societies with such political regimes. The extant prior studies reviewed in Chapter 3 have shown how international best practices such as accrual accounting or IPSAS have failed because of the existence of these regimes (Bakre et al., 2017; Bakre et al., 2022; Hopper, 2017). This study has contributed to this debate by demonstrating how social accountability has effectively countered patrimonial agendas which often weaken state apparatuses that advocate on good governance. In doing so, the study responds to the call for greater local participation in the design of international best practices advocated by international donors (Hopper et al., 2017).

Finally, recent concerns have highlighted the limited theoretical and empirical insights concerning public sector accounting research (PSAR) (Bakre et al., 2022; van Helden et al., 2021). This thesis has addressed these concerns by drawing on Foucault's critical lens to provide rich insights and thus respond to these concerns. The study made two contributions to the Foucauldian literature on this subject. First, the study applies Foucault's concepts of power to explore conflicting forms of accountability (managerial accountability and social accountability, incorporating elements of culture), the associated political rationalities, and how the counter-conduct was constitutive of governmentality. This extended the application of counter-conduct in governmentality from intra-government settings (e.g., local governments, NGOs) to a socio-political context to examine how counter-conduct plays an instrumental role that aids the constitutive role of accounting in responding to societal issues related to governmentality. The notions of counter-conduct demonstrated conflicting ideologies of accountability that emerge and change as part of an interactive process (Miller & Rose, 1990; Rose & Miller, 1992a). This helps to draw an understanding of the diverse ways accounting technologies and rationales evolve in competition with one another (Ahrens et al., 2020; Boomsma & O'Dwyer, 2019). This study contributes to this discussion by identifying the role of accounting in countering conflicting forms of accountability and their rationalities and how this triggers the rethinking and reconstruction of programmes.

Second, this study contributes to the literature on the emancipatory potential of accounting using the Foucauldian critical lens (Modell, 2017). The study identifies the gap in the literature relating to Foucault's concepts in reflexivity and technologies of the self for studies on Indigenous people and accounting. The study applies Foucault's notions of reflexivity to identify how the participatory budgeting reform enables and provides an opportunity for Solomon Islanders to reflect on their individual selves through the process of self-awareness or reflection. It carved out potential emancipation creating new identities for Solomon Islanders, especially the marginalised rural population. The enhanced social accountability and democracy where even the rural marginalised were able to hold the elites to account is an attribute of the emancipatory potential of accounting. This study therefore contributed to the accounting literature that applies Foucault's notions of reflexivity to facilitating discussions surrounding emancipation, especially for accounting tools inspired by the doctrines of NPM.

10.4 Implications for policy and practice

The study has identified some important implications for policy and practice with recommendations that aid policymakers in the formulation of reforms of such nature. NPM-inspired reforms such as the cash basis IPSAS and PBB are not compatible for settings with dominant powers such as bigman politics. The study has explored the implementation of the reforms at the intra-organisation level which presents the complex nature of government processes, systems, people/culture, and programs. Firstly, the study provides a practical example of how reforms of such nature can be integrated with local knowledge such as the PCDF to aid the efforts for accountability. Although at the national level, the intended level of compliance and accountability (managerial) has not been accomplished, the use of local knowledge where locals take the lead in reform design and implementation has been effective in transforming the problematic provincial government institution in the Solomon Islands. This has led to attracting donor confidence and positive applauses from the mass citizens. In a bigman context, it implies the provincial members of the assemblies are better performers which derails the image of the national level leaders which may be a threat to their political agendas for retaining their seats. What this suggests is that greater local participation in reform design and implementation is effective in working alongside dominant local power regimes.

Secondly, the study also illustrates the potential of participatory initiatives such as the PB. For the case of Solomon Islands, the PB was effective in enhancing grassroots participation in governance through the establishment of WDCs. Community-led initiatives are significant for the Solomon Islands as it is in principle a traditional clan-based system that has been the traditional form of governance (leadership) for the Solomon Islands. This implies the significance of the context when formulating policies for international best practices such as these reforms. This study thus contributes to the call for greater emphasis on the context (Hopper et al., 2017; Polzer et al., 2021) .

Third, the study also shows the importance of having robust laws and governance institutions to support the reforms. The weaknesses associated with the PFMA show how the regulations have been circumvented to facilitate the agendas of the dominant leaders at the national level. The PBB for instance, is an example of where the Cabinet has power over budget strategies. As a result, the budget outcome report lacks credibility as the greater slice of SIG's development budget has been spent on programmes that lack policies with no linkage to the established MTDP. Robust mechanisms are needed to aid the efforts of the reforms in the PFMA such as traffic light systems, effective M&E, and performance measurement systems. Although the laws are weak, established systems at key implementation ministries must be robust to counter weaknesses associated with the Act. This is to strengthen the reporting aspect of the PBB through the final budget outcome report.

10.5 Directions for future research

The study has identified three main areas for future research. First, the context-specific nature of this study illustrates how the reforms can be translated to suit the local settings. Utilising Foucault's concepts of power has been useful in illuminating the dynamic power structures that are dominant in conceptualising the challenges of implementing neo-liberal reforms inspired by the NPM, especially for developing countries and emerging economies. Future researchers taking on the context-specific approach can use Foucault's power regimes to explore ways of countering these power structures in their context-specific localities. As Ahrens et al. (2020) pointed out, the role of accounting in counter-conduct is unclear. Researchers from Indigenous settings can take on this approach to broaden our understanding of the constitutive role of accounting in its wider societal context (Burchell et al., 1985; van Helden et al., 2021). In doing so studies can further broaden the scope of NPM accounting tools to show how these neoliberal accounting tools can be implicated in responding to social or societal issues as demonstrated by this study.

Secondly, this study supported prior studies in accounting that advocated community-led development as a potential alternative for developing countries (Awio et al., 2007). Future studies can explore further varying nature and levels of community participation to identify factors which may promote community participation in the longer run. Third, the findings of this study also delineate the existence and conflicting nature of accountability relationships and their impacts on NPM. Foucault's power dimensions (e.g., counter-conduct) can be employed to conduct an in-depth analysis to identify the conflicting nature of accountability relationships in other localities. This will broaden our understanding of the changing nature of accountability relationships over time, and the role of accounting as a constitutive technology.

Finally, this study has demonstrated the complex nature of accountability in an Indigenous bigman context. Future research can go further by exploring possible alternative ways of how managerial accountability can work alongside dominant informal systems to minimise the impacts of these informal systems, especially at the national government level. As prior studies have cautioned, researchers should not try to find ways of eradicating dominant informal systems but rather find ways of working alongside such systems (Bakre et al., 2022; Hopper et al., 2017).

10.6 Concluding remarks

This study explored, in the context of a developing country, the adoption and practice of two NPM-inspired accounting reforms (cash IPSAS and performance-based budgeting) and participatory budgeting. The study poses four research questions which are presented in this chapter. Findings from these research questions revealed the complex nature of the intra-government setting in the Solomon Islands and how this has influenced the role of accounting in facilitating change. Foucault's concepts of power enable the study to bring together the complex dynamics of the Solomon Islands government setting and hence provide an in-depth understanding of this subject which makes significant contributions to addressing the challenges faced by the reforms in settings of such nature. The findings pointed towards the potential of local-led solutions where local knowledge and greater local participation in reform design are vital. The study also raises important implications and suggests directions for future research.

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APPENDICES

Appendix 1: Email to Recruit Participants

AUT
TE WĀNANGA ARONUI
O TĀMAKI MAKAU RAU

Date: *dd mm yyyy*

95 Riverpark Crescent
Henderson, Waitakere City
West Auckland
New Zealand

Subject: Request for your participation and contribution towards my Research

Dear Participant,

I am emailing to request your assistance towards my PhD research. My research topic is:

> A Study Exploring the Adoption of NPM Inspired Accounting Reforms in the Solomon Islands: A Foucauldian Perspective

You have been selected as a participant for this study because of your experience in my subject of study. All information about this research is detailed in the Participant Information Sheet attached.

If you wish to participate in this research, could you kindly notify me by email on marianne.oru@gmail.com.

Thanking you in advance.

Kind regards,

Marianne Oru

Appendix 2: Participants' Information Sheet

Date Information Sheet Produced:

22 November 2021

Project Title

A Study Exploring the Adoption of NPM Inspired Accounting Reforms in the Solomon Islands: A Foucauldian Perspective

Invitation

My name is Marianne Oru, and I am a student at AUT University Faculty of Business & Law, undertaking research towards a Doctor of Philosophy (PhD) degree. I hereby write to kindly request your assistance with this research. I will be conducting face-to-face interviews regarding the above-mentioned topic. The maximum time given for each interview is one hour or more depending on the content of the discussion. You have been identified as a potential candidate based on your wealth of knowledge and experience in my field of study. On this note, I wish to assure you issues regarding privacy and confidentiality will be well addressed by this study. These issues will be addressed in the later sub-section below.

My supervisors for this study are Professor Asheq Rahman, Associate Professor Anil Narayan, and Dr Peni Fukofuka, all at the Faculty of Business & Law at AUT University.

What is the purpose of this research?

The purpose of this study is to examine the adoption of accounting reforms under the New Public Management regime which was adopted in the 2014 Public Financial Management Act in the Solomon Islands. In particular, this research aims to collect information on how public sector organisations practise the newly adopted cash basis IPSAS and other related accounting systems which were adopted in the 2014 PFM Act. The findings of this study will be useful in paving the way forward in terms of the future of these reforms for enhancing transparency and accountability of government funds. This will be published in my Doctoral thesis, potential journal articles, conference papers and other academic publications or presentations.

How was I identified and why am I being invited to participate in this research?

You have been identified as a potential candidate based on your wealth of knowledge and experience in my field of study. This study is aware that you have worked in a number of public sector organisations in the Solomon Islands, holding various government positions which are useful for this study. For this reason, this study hopes to engage you to provide this study with useful insights of the subject of interest.

How do I agree to participate in this research?

Your participation in this research is voluntary (it is your choice), and whether you choose to participate will neither advantage nor disadvantage you. You can withdraw from this research at any time. If you choose to withdraw from the study, then you will be offered the choice between having any data that is identifiable as belonging to you removed or allowing it to continue to be used. However, once the findings have been produced, removal of your data may not be possible. On this note, this study also wishes to clarify that while participants of the individual interviews are allowed to review and edit (if needed) the transcriptions of their interviews, this is not allowed for the focus group discussion. The discussions of the focus groups are not allowed to be reviewed or edited by the focus group participants.

If you agree to participate in this research, you will need to sign off a consent form. The consent form basically provides a written agreement between you as the participant and the researcher who will be conducting the interviews or the focus group discussions. On this note, this study wishes to clarify that the signed consent forms will be stored separately from any other data collected by this study (e.g., interview transcriptions).

What will happen in this research?

Due to the design that this research has adopted, it will necessitate a face-to-face interaction between the researcher and yourself as the interviewee. For the individual interviews, this research hopes to engage with you through a face-to-face interview, with an estimated time limit of an hour (depending on the content of the discussion). It will be an informal session where you will be guided by a set of interview questions. Similarly, for the focus group discussion, an hour will also be allocated depending on the content of the discussion. Questions for the focus group discussion will be screened on the board and it will be an interactive inforrmal dicussion session. Both the individual and focus group interviews will be recorded.

Moreover, this study also intends to gather any relevant documents you may provide to assist with the study. This includes financial reports, policy documents, relevant correspondences, and so on. Finally, this study wishes to reiterate once again that information collected, whether it be interviews or organisation documents, is solely for academic purposes. Refer below to sub-section on *Discomfort and Risks* for how this study will address issues of Privacy and Confidentiality for both individual interviews and focus group discussions. All collected data will be destroyed as soon as the study is completed – within 6 years.

What are the discomforts and risks?

This study anticipatesthat you as a participant may likely feel uncomfortable or risky in providing information based on your experiences on how you practise these reforms in your respective government organisations. This study wishes to assure you that any information disclosed, either through interviews or documents will be protected. This means your identity and that of your organisation will remain confidential and will be protected by use of code names. In mitigating these risks, the study will offer you the following options which will be included in the Consent Form:

a. You will be given the opportunity to receive the questions before the interview;
b. You will be given the opportunity to review your transcripts after the interview where you can request the researcher to edit/remove content that may put you at risk;
c. You can choose not to answer any questions or withdraw from the research at any point;
d. You are assured that although this study has access to the organisation you work for, neither your identity nor the name of the organisation you work for will be disclosed. The study will use code names to protect your identify and the identity of the organisation you work for;

What are the benefits?

This study would like to clarify that there is no direct benefit for participating in this study. However, your participation in this study will have an indirect impact on your knowledge and understanding of the phenomenon being studied. You will gain good insights of the overarching aim of the Public Financial Management Act which is effort move towards good governance in the Solomon Islands public sector. Additionally, the findings of this study will be useful for policy makers, aid donors, and government actors for the development of aid policies with good governance objectives in the area of public sector accounting. These reforms are vital for improving financial accountability and public sector service delivery in less-developed and aid-dependent countries like the Solomon Islands.

How will my privacy be protected?

This study wishes to assure you that issues on Privacy and Confidentiality are highly regarded. The identities of the participants for both the individual interviews and the focus group discussions are confidential. As stated above, under the sub-section on *Discomfort and Risk,* the study will use code names to protect the privacy of both participants and that of the organisation they work for. Similarly, the content of the individual interviews, discussions of the focus groups and any other materials (or documents) collected from both groups are confidential. This study wishes to remind you being a potential participant that any information gathered is confidential and is strictly for academic use only.

This study also wishes to iterate that participants selected for the both the individual interviews and the focus groups will remain unidentified. This means the identities of the participants for the individual interviews will remain unidentified. Similarly, the study will also ensure that members of one focus group will not be able to identify members of another focus group.

What are the costs of participating in this research?

Participation is free. The expected time for each informal interview is an hour or it could be more depending on the content of the discussion. After the interview, you should receive the transcription of your interview within **one month**. You are expected to provide feedback to the researcher within **two weeks**, if you have any. Otherwise, your transcription is considered final for use in the study.

What opportunity do I have to consider this invitation?

It would be appreciated if you could provide feedback to the researcher (see my contact details below) of your availability and agreement to participate in this study within **two weeks**. This is to enable ample time for the researcher to consider other potential candidates should you wish not to consent to participate in this study. Moreover, a follow up email will be sent two weeks after the dissemination of the initial invitation email if no feedback has been received. This follow up email will only be sent once.

Will I receive feedback on the results of this research?

A summary of the research findings can be provided to you upon your request. As a participant, you can also request to receive a copy of this study which will be in the form of my Doctoral thesis. There is a provision for this on the Consent Form. You will need to place a tick in the box on this provision when signing the consent form or when you verbally consented during the interview session.

What do I do if I have concerns about this research?

Any concerns regarding the nature of this research should be notified in the first instance to the Project Supervisor, Dr Peni Fukofuka via email: peni.fukofuka@aut.ac.nz. Concerns regarding the conduct of the research should be notified to the Executive Secretary of AUTEC, *ethics@aut.ac.nz*, (+649) 921 9999 Ext 6038.

Whom do I contact for further information about this research?

For any further information about this research, you may contact me, Marianne Oru at marianne.oru@autuni.ac.nz, marianne.oru@gmail.com or my Project Supervisor on email peni.fukofuka@aut.ac.nz

Please keep this Information Sheet and a copy of the Consent Form for your future reference. You are also able to contact the research team as follows:

Researcher Contact Details:

Marianne Oru

Email: marianne.oru@autuni.ac.nz or marianne.oru@gmail.com

Project Supervisor Contact Details:

Dr Peni Fukofuka

Email: peni.fukofuka@aut.ac.nz

Office phone: 09-921 9666 Ext 6828

Approved by the Auckland University of Technology Ethics Committee on 28 June 2021, AUTEC Reference number 21/125.

Appendix 3: Consent Form

Project title: *A Study Exploring the Adoption of NPM Inspired Accounting Reforms in the Solomon Islands: A Foucauldian Perspective*

TE WĀNANGA ARONUI O TĀMAKI MAKAU RAU

Project Supervisor: *Dr Peni Fukofuka*

Researcher: *Marianne Oru*

○ I have read and understood the information provided about this research project in the Information Sheet dated 22 November 2021.

○ I have had an opportunity to ask questions and to have them answered.

○ I understand that notes will be taken during the interviews and that they will also be audio-taped and transcribed.

○ I understand that taking part in this study is voluntary (my choice) and that I may withdraw from the study at any time without being disadvantaged in any way.

○ I understand that if I withdraw from the study then I will be offered the choice between having any data that is identifiable as belonging to me removed or allowing it to continue to be used. However, once the findings have been produced, removal of my data may not be possible.

○ I understand that I will be given the opportunity to review my transcripts before they are considered final for use in this study.

○ I understand that the collected data will be stored separately from the signed consents.

○ I agree to take part in this research.

○ I wish to receive a summary of the research findings (please tick one): Yes○ No○

Participant's signature:
....

Participant's name:
....

Participant's Contact Details (if appropriate):

……………………………………………………………………………………..

……………………………………………………………………………………..

……………………………………………………………………………………..

Appendix 4: Indicative Interview Questions

The indicative questions are organised into four themes based on the four research questions (RQ1 to RQ4).

Themes	Questions
Individual interview questions	
RQ1	1. What accounting reforms have been adopted under the 2014 PFM Act?
	2. What have been the primary reasons (drivers) for adopting the above reforms?
	3. Who facilitate and fund the establishment of these reforms?
	4. What are the roles played by the donors and locals with regard to: (a) design of the reforms (b) implementation of the reforms?
RQ2	5. Describe how you practice the following: Part A: Financial Reporting 1. End of year reporting (disclosure requirements as stipulated by the cash basis IPSAS, reporting period, timeliness, etc.) 2. Revenue (fees, sales, tax, duties, etc) 3. Payments (goods, services, salaries, contracts, etc) 4. Asset management and control 5. Cashflow management 6. Any other comments Part B: Budgeting 1. Budget planning 2. Budget preparation 3. Budget submission for cabinet approval 4. Budget debate in parliament 5. Final approval of budget in parliament 6. Budget roll-out 7. Budget reviews (M&E) 8. Can you describe how you measure performance against key indicators? Do you always achieve your budget targets? 9. Any other comments
RQ3	1. What problems or challenges have you encountered with regard to the above?
	2. What changes did you see as a result of the reforms?
	3. Overall, what is your opinion of the reforms?
RQ4	1. What measures are put in place by the government with regard to the future of the reforms?
	2. What do you think is the way forward with regard to the success of the reforms?
Interview questions for the focus group discussion	
RQ2, RQ3 & RQ4	1. Describe how the following – refer to (5) above has been practised.
	2. What problems or challenges have you encountered?
	3. What changes did you see as a result of the reforms?
	4. Overall, what is your opinion of the reforms?
	5. What measures are in place by the government with regard to the future of the reforms?
	6. What do you think is the way forward with regard for the success of the reforms?

Appendix 5: Ethics Approval

Auckland University of Technology Ethics Committee (AUTEC)

TE WĀNANGA ARONUI O TĀMAKI MAKAU RAU

Auckland University of Technology
D-88, Private Bag 92006, Auckland 1142, NZ
T: +64 9 921 9999 ext. 8316
E: ethics@aut.ac.nz
www.aut.ac.nz/researchethics

28 June 2021

Peni Fukofuka
Faculty of Business Economics and Law

Dear Peni

Re Ethics Application: **21/125 A study examining public sector accounting reform adoption in the Solomon Islands.**

Thank you for providing evidence as requested, which satisfies the points raised by the Auckland University of Technology Ethics Committee (AUTEC).

Your ethics application has been approved for three years until 18 June 2024.

Standard Conditions of Approval

1. The research is to be undertaken in accordance with the Auckland University of Technology Code of Conduct for Research and as approved by AUTEC in this application.
2. A progress report is due annually on the anniversary of the approval date, using the EA2 form.
3. A final report is due at the expiration of the approval period, or, upon completion of project, using the EA3 form.
4. Any amendments to the project must be approved by AUTEC prior to being implemented. Amendments can be requested using the EA2 form.
5. Any serious or unexpected adverse events must be reported to AUTEC Secretariat as a matter of priority.
6. Any unforeseen events that might affect continued ethical acceptability of the project should also be reported to the AUTEC Secretariat as a matter of priority.
7. It is your responsibility to ensure that the spelling and grammar of documents being provided to participants or external organisations is of a high standard and that all the dates on the documents are updated.

AUTEC grants ethical approval only. You are responsible for obtaining management approval for access for your research from any institution or organisation at which your research is being conducted and you need to meet all ethical, legal, public health, and locality obligations or requirements for the jurisdictions in which the research is being undertaken.

Please quote the application number and title on all future correspondence related to this project.

For any enquiries please contact ethics@aut.ac.nz. The forms mentioned above are available online through http://www.aut.ac.nz/research/researchethics

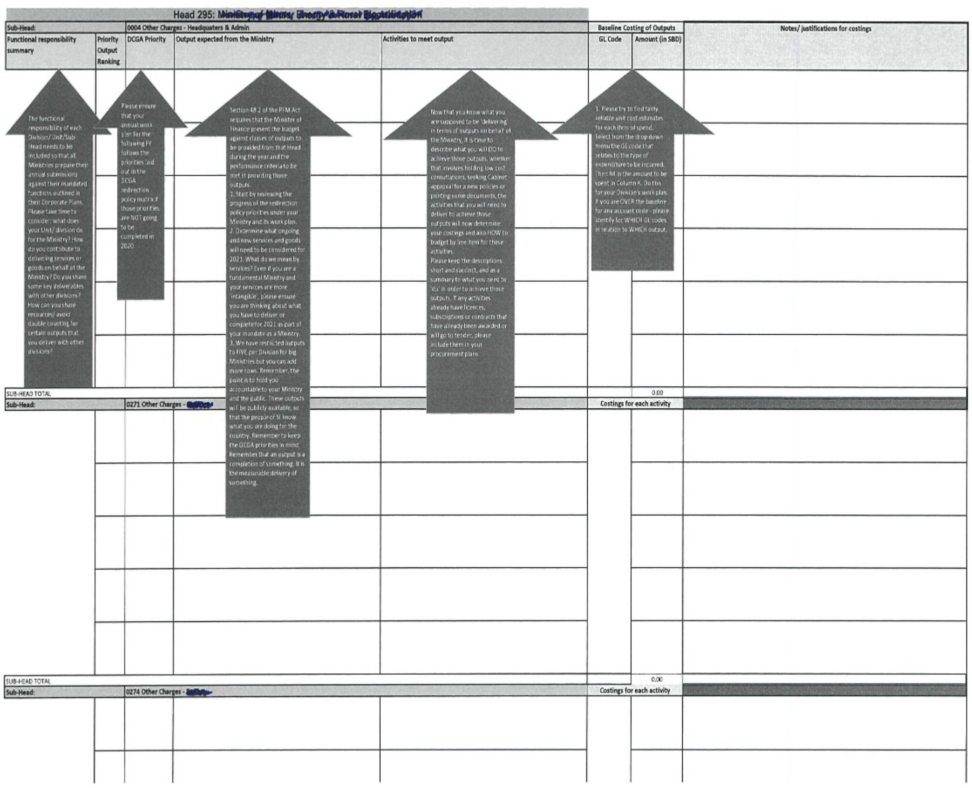
(This is a computer-generated letter for which no signature is required)

The AUTEC Secretariat
Auckland University of Technology Ethics Committee

Cc: gqm8246@aut.ac.nz; marianne.oru@gmail.com; anil.narayan@aut.ac.nz; Asheq Rahman

Appendix 6: Baseline budget template

	Activity	Output	Outcome
Definition	What you DO as a Ministry or are mandated to do to serve the people of the Solomon Islands/ wider international interests. Activities may be targeted at Ministry staff internally, or with other Ministries, or with civil society organizations, or religious groups, or families/ family members, or the private sector, or the public sector as a whole, or parts or all of Government.	Outputs are tangible concrete results from an activity. They are the direct and immediate results from an activity. They are NOT activities, but the end result of an activity - they basically justify a proposed activity in the first place. The result in the completion of something, or the MEASURABLE delivery of something.	Outcomes are the expected changes in behaviour of the people being targeted for the activity - in terms of behaviour, knowledge, skills, abilities, status or level of functioning.
Timeframe	Activities are fairly short term and tend to form the steps or processes for a Ministry that are vital for the Ministry to function/ perform its expected mandate.	What happens within the term required to complete the activity or if it is ongoing, what is expected to be the thing that is delivered as a result of that activity. What NEEDS/ gaps is the proposed activity targeting and how will the output reflect this?	Medium to long term - change occurs during or after the activity has concluded.
	Usually, verbs are used to DESCRIBE the activity that the Division/ Ministry conducts. Words like 'empower' or 'support' are vague and do not describe adequately the ACTION being proposed in order to deliver or change something/ someone/ a group of people/ the environment etc. It will usually be in the present or future tense, and involve delivering things that are concrete, and hence REQUIRE A BUDGET.	Past tense used, concrete and tangible descriptions of what is to be the immediate result/ achievement of the activity i.e. for a workshop it might be 'participants all trained in X, for which follow ups will be conducted through supervisory visits to ensure that the training/ skills transfer was successfully embedded'.	Verb used to describe the final result and the improvement due to the activity undertaken in the first place.
	Types of words expected to be used when describing an activity from Ministries:	NOUN that is qualified by a verb that describes a positive change, and HOW IT WILL BE ACHIEVED.	
	Train	"Successfully" trained	
	Teach	Taught	
	Coach	Coached	



Head 295: Ministry of Mines, Energy & Rural Electrification

Sub-Head:		0004 Other Charges - Headquaters & Admin			Baseline Costing of Outputs		Notes/ justifications for costings
Functional responsibility summary	Priority Output Ranking	DCGA Priority	Output expected from the Ministry	Activities to meet output	GL Code	Amount (in SBD)	
SUB-HEAD TOTAL						0.00	
Sub-Head:		0271 Other Charges - [illegible]			Costings for each activity		

Appendix 7: Provincial Government Financial Instructions – reporting section

Section 15: Provincial Government Reporting

(1) **Comprehensive cash flow: Upon** appropriation by the assembly, the Provincial Treasurer shall produce a comprehensive cash flow based on the approved receipts and expenditure in the budget. This should be provided to the provincial executive.

(2) **Quarterly cash flow report:** The Treasurer shall provide a quarterly cash flow and report to the provincial executive on the status of PG finance and cash balances at bank.

(3) **Monthly Variance Report**: The Treasurer shall provide a monthly variance analysis to all HoDs and the PG executive with explanatory notes.

(4) **Weekly Briefing of the Premier/Executive**: The Treasurer and the Provincial Secretary shall brief the Premier or the executive every week on planned activities of that week and cashflow position of the province to keep the Premier up to date and to seek his or her endorsement before certain commitments are made out of the provincial fund.

(5) **Annual Financial Statement**: Provinces shall produce annual Financial Statement in accordance with Section 39 (1) & (2) of PGA 1997. The report shall be submitted to the OAG for statutory audit.

(6) **PCDF Quarterly Report to MPGIS**: provinces shall submit financial and output reports on PCDF and other development projects within the province on or before 15th of July, 15th of October, 15th of January and 15th of April each year. The release of funds to individual provinces shall be triggered by the timely and accurate report submission.

(7) **Fixed Service Grant Quarterly Reports to MPGIS**: provinces shall submit financial and output reports on Fixed Service Grants to MPGIS in the right format on or before 15th of July, 15th of October, 15th of January and 15th of April each year. The release of grants shall be triggered by timely and accurate submission of quarterly reports.

(8) **Quarterly Monitoring Report**: provincial governments shall produce monthly and quarterly reports. The monitoring reports shall be submitted to the Provincial Secretaries and to MPGIS.

Section 16. Provincial Planning Process (Including Participatory Planning)

(1) Provincial planning process shall be participatory and inclusive. It shall commence with the executive outlining their policy directions and goals for the forthcoming fiscal year. These shall be in line with the Executive Policy Statement and the PG Five Year Strategic Plans.

(2) This policy direction shall be issued by the Provincial Executive in November each year.

(3) The Provincial Secretary and the Provincial Treasurer shall provide the information to the Provincial Planning and Development Committee (PPDC) members (with regard to resource envelope) and to the Ward Development Committees (WDC) and Sectors heads. The WDC members and Various Sector Heads shall be instructed to signal the start of annual planning process with reference to executive policies and the budget amount, (see participatory planning framework for detailed roles and responsibilities of PPDC and WDC including the composition).

(4) Budget calendar shall be prepared by the planning division and agreed by the Provincial Secretary with detailed resource envelope for the year.

(5) Ward Development Committees shall meet and provide their project priorities to the Provincial Planning and Budgeting Unit (PPBU) for evaluation and scrutiny. The PPBU shall assess the technical and financial feasibility of the projects identified and recommended by the WDC.

(6) The ward committees and PPDC shall make reference to the ward profile data collected from each ward.

(7) Sectors shall meet and provide their outputs and recommendations to the PPBU.

(8) PPBU provides the recommendations to the PPDC for consideration.

(9) PPDC meets and makes final recommendations to the Premier and the Executive based on what has been indicated as felt needs of the province (determined through ranking process from ward level and sectors).

(10) The Executive shall approve and forward the plans and budgets to the PAC for scrutiny.

(11) PAC shall submit reports and recommendations to the provincial assembly for members to review and debate in the assembly (see PG Standing Order for details of PAC operations as a standing committee of the provincial assembly Section 199).

(12) The approved budget, three - year plans and annual work plans submitted to MPGIS and assented to by the Minister of MPGIS before 31st March each year.

(13) Every year the three-year investment plans shall be reviewed to ensure they are rolling plans and linked to the five-year strategic plans that are drawn based on the ward profiles.

(14) The five-year strategic plans shall be reviewed periodically.

Section 17: Provincial Planning and Budgeting Calendar

(1) All planning meetings shall commence by November each year to allow time for budgeting to commence.

(2) The three-year development plans shall be completed and submitted to PPDC by end of December each year.

(3) The annual work plans shall be completed by end of December/January each year. The treasury division shall complete the inputting into the budget by end of January.

(4) The capital development budget shall be based on year one of the three year rolling plans. The year one of the three-year investment or rolling plan shall have bills of quantities and costings.

(5) All PTRs, PSs, CPOs and PCDAs shall attend budget and planning reviews in Honiara by end of January or early February each year to fine-tune the PG budgets and be given necessary advices.

(6) The treasury division shall complete its inputs into the budget by 10th January each year for 25th of February submission to the Provincial Executive for review.

(7) Executive shall finalise the budget and forward to the PAC for thorough review (not less than one week being the minimum period that may be given).

(8) PAC shall submit its report to the Assembly and forward the copy to the Executive (Premier).

(9) The Executive shall allocate time to itself to review the PAC report and decide if they would accept any of the recommendations (few days review).

(10) If the Executive accepts recommendations from the PAC, the changes shall be made only in the Committee of Supplies in the Whole Assembly (and not before that)).

(11) The Assembly shall debate and approve the estimates by March 20th each year.

(12) The Minister of MPGIS shall sign the budgets into law on or before 31st March, latest.

(13) The approved estimate shall be open to public inspection after the estimates are assented to by the Minister. The Province shall ensure that the public is advised that they can view the estimate as soon as possible after the approval has been received from the Minister of MPGIS.

(14) If the executive did not take steps to implement PAC's previous recommendations, it may report to the Minister on any areas where it considers adequate steps have not been taken to implement its recommendations and any reasons given by the executive for its failure to implement the recommendations (Section 205 (g) of the Provincial Assembly Standing Orders of 2013).

Appendix 8: PCDF 10 minimum conditions (revised in 2022)

Appendix 1A: MCs and PMs

1A. Minimum Conditions

Minimum Condition	Reason and Explanation	Some of the core issues to be reviewed - Supporting Documentation	Not Met	Met
MC 1: Core Staffing in Place and HR Requirements				
1. Core Staff in Place Core posts are filled in the provincial administration, i.e. the Provincial Secretary or as a minimum the Deputy Provincial Secretary, Treasurer or Deputy Treasurer, **and the Provincial Planning Officer or qualified planner and PG engineer, Provincial Planning Specialist, Provincial Procurement Specialist, Provincial Accounting Specialists and PCDAs.** For the Treasurer or the Deputy Treasurer, the minimum accounting qualifications should be Certificate of Accountancy or Diploma. For the planning officer, the person should have the general qualifications according to the job-descriptions of this position. The staff should be dedicated for these positions (only). These core positions may be filled by seconded or directly employed staff. If there are vacancies, and there is a clear agreement on filling them within a month (with identified name of the staff), this condition is also complied with. (*Note: from APA 2022, this MC has been strengthened)*	Provincial Governments are not fully in charge and responsible for filling these core positions. However, this is a core condition to ensure that there is sufficient management capacity to handle discretionary funding such as PCDF. MPGIS and MoPS need to ensure that these core staffing positions are filled.	See table below. There is a need to check the staffing situation at the central level prior to the field visits, to ascertain the positions, review agreements made etc.		

Post	Name/not filled	Type of contract (seconded/direct employee)	Indicate the type of qualification (for PT and DPT)	Position vacant since when	Comments
Provincial Secretary					
Deputy Provincial Secretary					
Provincial Treasurer					
Deputy Provincial Treasury					
Provincial Planning Coordinator (PPC)					
Provincial Planning Specialist (PPS)					
Provincial Procurement Specialist					
Provincial Accounting Specialist (PAS)					
Capacity Development Advisers (PCDAs)					
Provincial Engineer					
Assistant Provincial Engineer					

Minimum Condition	Reason and Explanation	Some of the core issues to be reviewed - Supporting Documentation	Not Met	Met
MC 2: Natural Justice The Provincial Government (PG) has adhered with the proper procedures for treatment of staff including principles of	This is important for the protection of public officers, and to ensure that	See table below.		

Principles of Natural Justice	Yes	No	Comments
1. Has anyone been dismissed during the last FY and until the assessment?			

Minimum Condition	Reason and Explanation	Some of the core issues to be reviewed - Supporting Documentation	Not Met	Met
natural justice in seeking or determining that **any posted** public officer be transferred or dismissed. This includes specialists, engineers and MPGIS posted advisors and project staff to the PGs. The condition is that **these procedures are followed** when staff are removed/dismissed, see **Annex 1** to this PAM. *This MC has been strengthened to ensure sufficient safeguards on staffing.*	the first MC is also complied with and that people are in their positions.	See table below. The review team will have to triangulate the information from various sources at the central (MPGIS/MoPS) and PG levels. If the PG has Yes in 1, Number 2 have to be documented and proper procedures as per the annex on natural justice followed, and the case submitted to public service/MPGIS (Number 3), and number 4 and 5 should be answered with "Yes". Second to comply with the minimum condition, Number 6 & and 7 need to be complied with as well (this is applicable from the **APA in 2023**). **Number 8** is for information purpose and to follow-up on issues, as this is under attribution of central government level (hence not a condition for the PG). **Note:** To strengthen the compliance with this, the MPGIS will also consider that the performance on this will be impacting on the FSG. If there is non-compliance the FSG disbursement may be delayed until the PG rectifies the situation. This penalty excludes the salary transfers.		
MC 3 Management of PCDF Account				
The PG has only used the dedicated PCDF account for the purpose of the PDCF grant utilization and not for other transactions,	This is to minimize fiduciary risks.	1. Are all withdrawals from this account in accordance with the allocation investment menu in the PCDF Operational Manual? 2. Has there been any withdrawal from or payments into this account since the last assessment		

Principles of Natural Justice	Yes	No	Comments
2. Reasons for dismissal/removal? i) Based on disagreements?[12] ii) Based on documented lack of skills? iii) Based on general down-sizing of the administration? iv) Politically motivated?			
3. Any response from Public Service/MPGIS?			
4. Has the official been allowed to provide an opinion about the cases? 5. Has there been any review panel to review the story from the point of view of the staff member?			
6. Has all seconded, contracted, and direct employees been appraised using tailor-made PMP in the past 12 months?			
7. Did all officers including PSs have approved individual work plan with agreed outputs as the basis of appraisal?			
8. Is there any evidence that MPGIS and the PG administration took action to address issues raised in the appraisals including steps towards disciplinary action where necessary for persistent underperformance.			

<table>
<tr><th>Minimum Condition</th><th>Reason and Explanation</th><th>Some of the core issues to be reviewed - Supporting Documentation</th><th>Not Met</th><th>Met</th></tr>
<tr><td>which are not related to these investments covered by the PCDF Operational Procedures.</td><td>Provincial Governments are reminded that this account should only be used for PCDF transactions. The MC has been clarified.</td><td>other than those of PCDF?
3. The established bank account can solely be used for expenditure and revenue related to PCDF purposes (investment menu), and it is strictly prohibited to transfer funds, even temporarily, to other bank accounts. Has there been any use or "borrowing" of funds for other purposes?
4. A specific account code has been used to identify PCDF funds received from development partners and corresponding PCDF expenses (both in budget and in the accounts, from the fiscal year where these funds start, see the PCDF Operational Procedures Manual).
5. Note: If funds are diverted to other purposes, borrowed etc., the condition is not met, even if funds are repaid at a later point of time.
6. In addition, there should be evidence that funds must be spent within the approved plan and budget (and /or supplementary budget).
7. There should also be evidence that 100% of all payments made from the accounts of PCDF, FSG and other provincial funds had sufficient requisitions, payment vouchers that agree with payee invoices. If capital fund, there must be interim and final payment certificates attached to invoices (for the period during the entire previous fiscal year) including the certification of mobilization payments.
8. Has the province complied with the application of section 25 of the PGA 1997? (To be assessed from 2023, which is to be conducted in September 2023).
9. Has the province paid MPA allowances within the rates approved by the Parliamentary Entitlements Commission? To be assessed in 2023, which shall be conducted in September 2023.
10. Has the province created other allowances and paid from provincial funds other than what is approved by the PEC? To be assessed in 2023, which shall be conducted in September 2023.
11. Note for the LoCAL PBCRG, these should be spent along the approved plan and budget and in accordance with the investment menu from the PCDF Operational Procedures, Annex 5 (this is applicable from the assessments after which there has been a year of spending of PBCRG top-up grants).</td><td></td><td></td></tr>
<tr><td>MC 4. Financial Statement Submission to OAG

The PG has completed annual financial statements for the previous financial year in the MPGIS prescribed IPSAS format and submitted them timely (as prescribed in the PA Act) to the Office of the Auditor</td><td>Critical to reduce risks and ensures compliance with the FMO and the IPSAS Cash Financial Reporting Framework</td><td><table>
<tr><th>Statements/Accounts</th><th>Yes</th><th>No</th><th>Comments</th></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td>Was every part of IPSAS Financial Reporting Framework complied with?</td><td></td><td></td><td></td></tr>
<tr><td>Was part B of IPSAS Cash FS disclosure requirements complied with including IPSAS 20 and consolidated entities?</td><td></td><td></td><td></td></tr>
</table></td><td></td><td></td></tr>
</table>

<table>
<tr><th>Minimum Condition</th><th>Reason and Explanation</th><th>Some of the core issues to be reviewed - Supporting Documentation</th><th>Not Met</th><th>Met</th></tr>
<tr><td>General as per the PG Act 1997 and the FMO.</td><td>established by the Ministry in 2010. This is a critical condition of governance and financial accountability.</td><td><table>
<tr><td>If the Province still maintains business entities, are financial statements of the entity up to date?
Is the account produced and audited by independent firms/auditors?
Has OAG been able to ascertain that the funds of the business arm (as public funds) are fully accounted for that investment (a clean sheet)?
Has any aspect of the business arm funds been used by the provincial executive for its operational or capital development purposes (apart from the dividend paid to the PG?)</td><td></td><td></td><td></td></tr>
<tr><td>Are all provincial receipts disclosed in the FS including donated cash and donor funds received as cash or in kind, PCDF and other funds paid into the PG accounts?</td><td></td><td></td><td></td></tr>
<tr><td>Do the FS have a Note to the Accounts disclosing the PCDF expenses financed by development partners or does the FS clearly show the funding spent from these? (from the year where these have been received)</td><td></td><td></td><td></td></tr>
<tr><td>Note: All questions must be answered with Yes to comply.</td><td></td><td></td><td></td></tr>
</table></td><td></td><td></td></tr>
<tr><td>MC 5 Core PFM procedures and reporting followed (strengthened compared to previous Manual)
Note: the PTR reporting part of the MC was assessed from 2020/21 (2021 APA, but that it would be expanded from 2022 (reviewing 2021/22).
Bank reconciliations are up to date for the main account, all other accounts and the PCDF account (with a maximum of one month delay compared with FMO); and all four quarterly financial and output reports from last FY have been timely and accurately submitted to MPGIS for the use</td><td>Monthly and Quarterly Reporting conducted as per the FMO</td><td>Are all four quarterly reports of PCDF and FSG, salaries and other accounts submitted on or before:15 January, 15 April 15th July and 15th October. Depending on the timing of the APA, the assessment team review the last 4 quarterly reports (but one, i.e. with one quarter time-lag).<table>
<tr><th>Reporting</th><th>Yes</th><th>No (if no which ones are missing?</th><th>Comments</th></tr>
<tr><td>Reporting conducted as above and on time?</td><td></td><td></td><td></td></tr>
<tr><td>Did the Provincial Treasurer provide 12 monthly financial and cashflow report briefing to the provincial executive/Premier as required by section 12 of the FMO for last FY.</td><td></td><td></td><td></td></tr>
</table>
<table>
<tr><td>Reporting from PTR to Executive as above (for APA conducted in 2022, review will be made of the performance in FY 2021/22) and similar principle</td><td>Yes</td><td>No</td><td>Comments</td></tr>
</table></td><td></td><td></td></tr>
</table>

<table>
<tr><th>Minimum Condition</th><th>Reason and Explanation</th><th>Some of the core issues to be reviewed - Supporting Documentation</th><th>Not Met</th><th>Met</th></tr>
<tr><td>of PCDF and other funds.</td><td></td><td>
<table>
<tr><td>for the future assessments.</td><td></td><td></td><td></td></tr>
<tr><td>Reporting conducted as above?</td><td></td><td></td><td></td></tr>
</table>
Did the province maintain the salaries account of the direct employees and the specialists? Remains a strong trigger in 2019/20 and MC started in the APA conducted in 2020 reviewing 2019/20 assessment and following years (hence not new)
<table>
<tr><td>Maintaining salary accounts as above and reconciliation. Trigger in 2019/20 and MC starts in 2020/21 (started in the 2021 APA, hence not new)</td><td>Yes</td><td>No</td><td>Comments</td></tr>
<tr><td>Is the bank reconciliation done for each month?</td><td></td><td></td><td></td></tr>
<tr><td>What was the most recent month?</td><td></td><td></td><td></td></tr>
<tr><td>Is the reconciliation accurate?</td><td></td><td></td><td></td></tr>
<tr><td>Do the reconciliations cover all accounts?</td><td></td><td></td><td></td></tr>
<tr><td>Which accounts are not covered?</td><td></td><td></td><td></td></tr>
<tr><td>Did the reconciliation of the salary account show that any part of the funds was used for other purposes? Trigger in 2019/20 and MC started in 2020/21 (hence not new). In e.g., in the APA in 2022 the FY 2021/22 will be reviewed.</td><td></td><td></td><td></td></tr>
<tr><td>Reporting conducted as above?</td><td></td><td></td><td></td></tr>
</table>
Did the province pay all PAYEs and NPFs as required by IRD laws and NPF Act?
<table>
<tr><td>PAYE and NPF</td><td>Yes</td><td>No</td><td>Comments</td></tr>
<tr><td>Payment of PAYE</td><td></td><td></td><td></td></tr>
<tr><td>Payment of NPF as above</td><td></td><td></td><td></td></tr>
</table>
1. The period to be assessed is April – March in the previous FY and quarters up to the assessment.
2. Reports due on: 15th January; 15th April; 15th July; 15th October.
3. PAYE and NPF payments (actual) was assessed as MC from FY 2019/20.
</td><td></td><td></td></tr>
<tr><td>MC 6. Presentation of Audit Reports to the Provincial Assembly.
The PG has responded to the most recent audit report from the Office of the Auditor General, has identified ways and means to address the audit findings and the audit report has been tabled in the Provincial Assembly (reflected in minutes of the</td><td>Provincial Governments are reminded that the Public Accounts Committee should report to the Assembly on the Financial</td><td>1. Has the audited FS been tabled in the PAC within 28 days of its receipts?
2. Has the province secured audit report with no disclaimer or adverse opinion? (note: has to be fulfilled from the assessment of the FY 2023/24, i.e. from the APA conducted in 2024).
3. Check the submission dates of the report.
4. Consult the Office of the Auditor General and review the timing of the audit of the financial statements.
5. Review minutes from meetings, and check whether reports have been tabled.
6. Review documentation for strategies to address the audit findings.</td><td></td><td></td></tr>
</table>

<table>
<tr><th>Minimum Condition</th><th>Reason and Explanation</th><th>Some of the core issues to be reviewed - Supporting Documentation</th><th>Not Met</th><th>Met</th></tr>
<tr><td>Provincial Assembly meeting).</td><td>Statements and Audit Report (PG Act 1997, Section 39-4). The audit findings are addressed under performance measures.</td><td>7. Discuss issues on audit with the OAG before the field-missions.
8. Remark: As it may take time to call in and conduct the meetings in the Assembly and in the PAC, it is sufficient that it has been tabled in the first forthcoming Assembly /PAC meeting.
Note: All conditions must be complied with. If the PG produces evidence that the Financial Statement had been submitted to OAG on time as per the MC, but the OAG could not complete the audit on time, then this condition is met provided that the PG has tabled and developed strategies for the most recent one. The audit report should also be tabled in the PAC and recommendations from this should be tabled for the Assembly.</td><td></td><td></td></tr>
<tr><td>MC 7. Funding for PAC Meetings and meetings conducted and followed-up

PAC meetings conducted with minutes and recommendations, tabled in the Assembly and the executive supports PAC operations.</td><td>Important governance issues to ensure review of all core decisions by the Assembly</td><td>1. Minimum four meetings during last Fiscal Year as required by the Provincial Assembly Standing Orders (first time in the 2022 assessment).
2. Check and confirm if there had been four PAC meetings from April – March (i.e. during last FY).
3. Check and confirm that the PAC meetings on the audited financial statements were held within 28th days of the receipt of the FS from OAG as required by the Standing Orders and the FMO. This is assessed on the performance from the APA in 2022 reviewing FY 2021/22.
4. The provincial executive has allocated adequate resources for the quarterly meetings of the PAC and site visits as required by the Standing Order of the Provincial Assembly.
5. Has the budget been scrutinized by the PAC and report provided before it was passed by the Assembly? (applicable to both original and revised budget of the current year)
6. The executive allocates funding in the provincial budget for the establishment of PAC Secretariat to make PAC a functioning and effective committee (similar for following years) and that the Secretary is a qualified accountant as per section 212 of the PG Standing Orders. Review budget for the current year where the APA takes place.
7. Check and confirm that the PAC has been allowed to investigate any serious financial mismanagements on the provincial finances that may have been highlighted in audit reports, assessment reports etc. and as a requirement of the PG Assembly Standing Orders (205, h). Produce evidence of PAC request for such investigation and the financial support provided by the executive for the investigation. If yes, is the report available? (Note: review the performance in the FY before the APA is done).
8. Cross-examine the PAC secretary or chairman to confirm if the PAC report was independently produced and not edited or changed by the executive (review of the budget for the current year where the APA takes place).
9. Has a copy of the PAC report been submitted to the Office of the Auditor General by the Chairman of PAC within two weeks of the end of the PAC meeting?
10. Has a copy of the PAC report been copied to LCC and the Ombudsman by the Chairman of PAC within two weeks of the end of the PAC meeting?
11. Did the MPGIS Minister/Permanent Secretary respond to issues raised in the PAC report and</td><td></td><td></td></tr>
</table>

Minimum Condition	Reason and Explanation	Some of the core issues to be reviewed - Supporting Documentation	Not Met	Met
		recommend appropriate actions, where necessary?		
MC 8 Procurement compliance. The province has complied with the critical areas of procurement as required by the PG Financial Management Ordinance, Financial Instructions, and the Procurement Manual.	Important governance condition that determines accountability and transparency	See the table below		

Issue	Yes	No	Comments
Did the PG award all projects above $10,000 as general contract?			Review of previous FY
Did the PG follow the FMO and procurement manual threshold for all tenders advertised and in awarding of contracts (including compliance check list?)			Review of previous FY
Did the PG maintain a contracts' monitoring system e.g., a contracts' register reporting on contracts balance as of the reporting date (applied from **APA 2023)?**			
Did the PG follow the variation rules and regulations as per the PG legislations? Are variations accordingly reported in the relevant contracts register (from **APA 2022)**?			Review of previous FY
Did the executive and the assembly approve all variations warranting virements or cancellation or delay of some projects before applying variations?			Review of previous FY
Did all procurements from PCDF, FSG, OSR, donated funds from donors or sectors paid into PG accounts including projects from the MPGIS implemented in the PGs and all other funds all follow the procurement manual and the FMO/FI?			Review of previous FY
Did the mobilization and retention payments during the period follow the procedures laid down in the manual and the FMO/FI procedures.			Review of previous FY
Was there any case of apparent conflict of interest (related party transactions) in the procurement processes during the period being reviewed?			Review of previous FY
If conflict of interest declared, was the bid withdrawn?			

Minimum Condition	Reason and Explanation	Some of the core issues to be reviewed - Supporting Documentation	Not Met	Met
		Note: Assembly members have no role in procurement. + not linked to the contract holder (MPAs and Officers' companies are not bidding and MPAs and Officers are not related to companies awarded) – No related party transactions. To comply with this MC, all questions above must be answered "Yes". The assessment of this MC shall for e.g. **2022 Performance Assessment cover the April 2021 – March 2022.**		
9 Participatory planning process is complied with as required by section 9 of the FMO (New) and the Minister's Operational Policy Guidelines.	Important governance condition that promotes genuine citizen participation in development management decision making processes.	See the table below. To comply with the MC, all answers must be "Yes".		
10. Investing 60% of PCDF investment allocation (70%) into resilient economic infrastructure (productive sector) and ensuring sector coordination. New.		1. Has the province budgeted and invested at least 60% of its PCDF investment in projects (60% of the 70% for development-oriented projects) into resilient economic infrastructure that promote economic growth within the province and communities? 2. Check the list of projects or infrastructure that qualify under economic infrastructure. 3. Compute 60% of 70% (i.e. 42%) investment allocation is approved and expended on economic projects as defined in the PCDF Operational Procedures Manual, 2022. 4. Did the Province include the sectors in the TEC for sector-based project evaluation? **5.** Did the province comply with the sector standards, example, classrooms, clinics etc. for actual constructions? **(Applicable from APA conducted in 2023 of FY 2022/23 projects).** 6. Is there evidence that Sectors had been consulted and agreed on projects identified for respective sectors either by the WDCs or by the PG before approval. (This is applicable for the **budgets** starting FY 2023/24 to be reviewed in the **2023** performance assessment.		

Issue	Yes	No	Comments
Has the WDC been formed in each ward as approved in the Operational Policy Guidelines?			As per the time of the APA
Did the chairpersons of the WDCs participate in PPDC meetings?			Review performance of previous FY.
Is there at least one-woman representation in the WDC Executive Committee? (New to be assessed from APA 2023).			As per the time of the APA
Did the Province budget for 15% of its recurrent revenue in the current year and made actual payment 15 % (in full) of its recurrent budget of the previous year but one (FSG plus own source revenues) into the WDC account?			Review the budget for the current FY.
Do the signatories to WDC accounts and the composition of the WDC executive follow the Participatory Planning Operational Policy Guideline requirements (i.e. MPA is not a signatory to the WDC cheques).			At the point of time for the APA.

Application and transitional arrangements (only new are mentioned, not the ones already applied in the 2021 APA):

Item no.	New Minimum Conditions	Timeline for their application
1.	MC 2: Appraisal of all staff (strengthening of the MC	Shall be assessed from the performance assessment in 2023 covering the period from April 2022- March 2023.
2.	MC 3 and 4 and 5	From the 2022 APA. However, from MC 7 sub-condition 7-10 from APA 2023.
3.	MC 5: Monthly Reporting by the Provincial Treasurer	Shall be assessed in in the 2022 performance assessment covering the period April 2021 – March 2022. Only monthly reporting part of this MC is affected.
4.	MC 6 re. audit queries and audit status	Audit queries and reduction from APA 2022* Reviewing FY 2022/23 (if available, otherwise the most recent one). Audit opinion from APA 2024 reviewing FS 2023/24
5.	MC Audit opinion should not be adverse or disclaimer	From 2024/25 FS this would be a minimum condition
6.	Further requirements on MC 3 on LoCAL PBCRG	Shall be assessed from the where there has been a full prior year of spending of the PBCRG – LoCAL top-up grants. However, this will only impact on the access to this top-up.
7.	Did the province include the sectors in the TEC for sector-based projects evaluations?	This would be assessed from APA 2023 onwards (i.e. in the review of FY 2022/2023)
8.	Re. MC 8 – strengthening of contract registers etc.	From APA 2023
9.	Re. MC 9 – rules on representation of one woman in the WDC	From the APA 2023
10.	Re. MC No. 10 on sector standards (Did the province comply with the sector standards, example; classrooms, clinics etc.?)	This would be assessed from APA 2023 onwards reviewing FY 2022/23. Similarly with the MC on sector consultations.

- *The type of opinion in the audit report shall become minimum condition but on incremental basis and fully implemented by the 2024 Annual Assessment done of the FY 2023/24 FS . The sequencing shall be as follows:
  1. 2022 assessment of 2021/22 FS, a penalty of 10 points deduction on the points for performance measures for disclaimer and adverse audit opinion.
  2. 2023 assessment of 2022/23 FS, a penalty of 20 points deduction shall apply for disclaimer and adverse audit opinion.
  3. 2024 assessment of 2023/24 FS, audit report with no adverse or disclaimer audit opinion shall become a new minimum condition for all provinces. This shall be applicable to all 2023/24 FSs prepared and audited by the OAG, and for the future assessments.
  4. For PGs with **clean** audit reports (unqualified), shall continue to be rewarded 6 points and qualified audit opinion shall continue to be rewarded 3 points. **Please note that the audit of the most recent audit reports is the one which is reviewed.**