

Chapter 19

Open Governance in Budgeting and Financial Reporting: A Case Study on the Local Governance of Bangladesh

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ABSTRACT

This chapter discusses the adoption of open governance in public finance with a particular view to citizen-friendly budgeting and consistent financial reporting in local government in the developing country context. The authors are interested in how a concept that was developed in the Western world is adopted in developing countries. The objective is to shed light on local councilors' understanding of the conditions and development needs of open governance in budgeting and financial control in Bangladeshi municipalities. According to our survey conducted in 2018 with municipal managers and councilors, the key institutional actors consider that the conditions of open governance in local public finance are fairly good, financial information is provided systematically, and the competence level is sufficient among both citizens and representatives of local government. However, participatory methods and the utilization of digital tools in budgeting and financial reporting are still in their infancy.

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1. INTRODUCTION

Public sector organizations are involved in various activities, which require the use of resources that must be planned and controlled. Among the most important aspects of this is public budgeting, which is essentially about the allocation of financial resources to government policies. Public financial management has been conceptualized primarily from the administrative and professional points of view, of which only a small proportion, mainly a budget and a balance sheet, has been open to political decision-making or public debates. In other words, the budget process has been kept firmly in the hands of leading politicians and public managers. We may, however, question this traditional view of public financial management, for it has its roots in elitism and competence issues that do not reflect today's realities. This issue is of vital importance in local government, which as a local democratic governmental jurisdiction has a close relationship with its citizens, who interact with local political-administrative systems as voters, inhabitants, workers, activists, and service users. Should they have better chances to have their say in public budgeting and financial management?

The approach to municipal financial management has been changing for some time. Among the most significant manifestations of this is the increased interest in participatory budgeting (Coleman and Sampaio 2017; Goldfrank, 2012; Brautigam, 2004; Souza, 2001). There is a good reason to assume that this gradual change is due to the increased demands for social inclusion and citizen engagement as well as to a generally perceived need for openness that reflects the idea of good governance. As in government functions in general, this also requires that budgeting and financial reporting overcomes its elitist, professional and administrative orientation and is opened to stakeholders from public, private and voluntary sectors.

Even if the demand for IAT (Integrity, Accountability, and Transparency) and other aspects of good governance is a widely accepted goal for public governance practically all over the world, the rhetoric does not match the reality (Porumbescu et al., 2022; Michener et al., 2021; Bauhr & Grimes, 2017; Matsiliza & Zonke, 2017; Hasan et al., 2014; Bergh, 2009). More often than not, governments claim to have adopted the principles of good governance, but the reality may be that public officials use their positions in an abusive way, information is not shared openly, and government units are not responsive enough. One of the root causes of such problems is the lack of openness and transparency, which are essential in striving for better public governance. This point has a heightened relevance at the time when digitalization is changing profoundly the way governments work and interact with their stakeholders.

The above challenges and opportunities are strongly context-dependent. This implies that advanced industrial democracies in the Western world with a long tradition of good governance have better preconditions for introducing financial management reforms than developing countries of the Global South (Blair, 2020). We focus on the latter country group and in this group especially on one case country, Bangladesh.

The issue is two-sided, for the first question is about the preconditions for municipalities in developing countries to improve the openness of their budgeting and financial reporting, while the second question is about the factual implementation of open and participatory budgeting and financial reporting in improving openness, transparency, and citizen-centred governance in municipalities. This discussion leads us to the issue of how the practices and arrangements designed originally in and for Western industrial democracies work in the developing country context (cf. Anttiroiko, 2017).

2. AIMS AND OBJECTIVES

In this chapter, we will discuss the role of openness in municipal budgeting and financial reporting with reference to the case of Bangladesh. What is of particular interest here is the developing country context in which the political, institutional, economic and societal structures are not sufficient in all respects for the realization of good governance, including public budgeting and financial management. Such challenges relate to all key actors of this setting, i.e. politicians, public managers, civil servants, the business community, and citizens.

At times developing and transitional countries perform better than is generally assumed, and they can be even pioneers in experimenting with new forms of governance, as with the role of Porto Alegre in the development of participatory budgeting and Belo Horizonte in e-participatory budgeting in Brazil (Baiocchi, 2001; Peixoto, 2008; Sintomer et al., 2008; Souza, 2001). In any case, it is worth scrutinizing to what extent the local governments of the Global South actually apply the principles of good governance to public finance.

To summarize, the objective of the chapter at hand is to assess the current state of development of the application of open governance in budgeting and financial management in local government in the developing country context, the empirical case being the local government in Bangladesh. The chapter focuses on the adoption of the open governance concept in municipalities to promote the scope of citizen participation in budgeting and financial reporting as seen by local councillors and public managers.

3. OPEN GOVERNANCE FRAMEWORK

3.1. Key Dimensions and Preconditions of Open Governance

In essence, open governance refers to a set of principles, policies, and practices that emphasize citizens' right to access public government information to allow for effective public oversight and democratic control.

Ruijter and Huff (2016) claim that open organizational culture is the precursor to effective open government. It affects both internal and external relations in the sense that it opens government information and engages key stakeholders in governance (OECD, 2016). This translates to a demand to remove barriers to participation and to make citizen involvement meaningful (Jetzek, Avital & Bjorn-Andersen, 2013). In this context, OECD (2016) emphasizes the need for understanding the dynamic nature of the open governance system and the need for proper change management, the latter including a transition from policy principles to policy catalysts and further to policy outcomes.

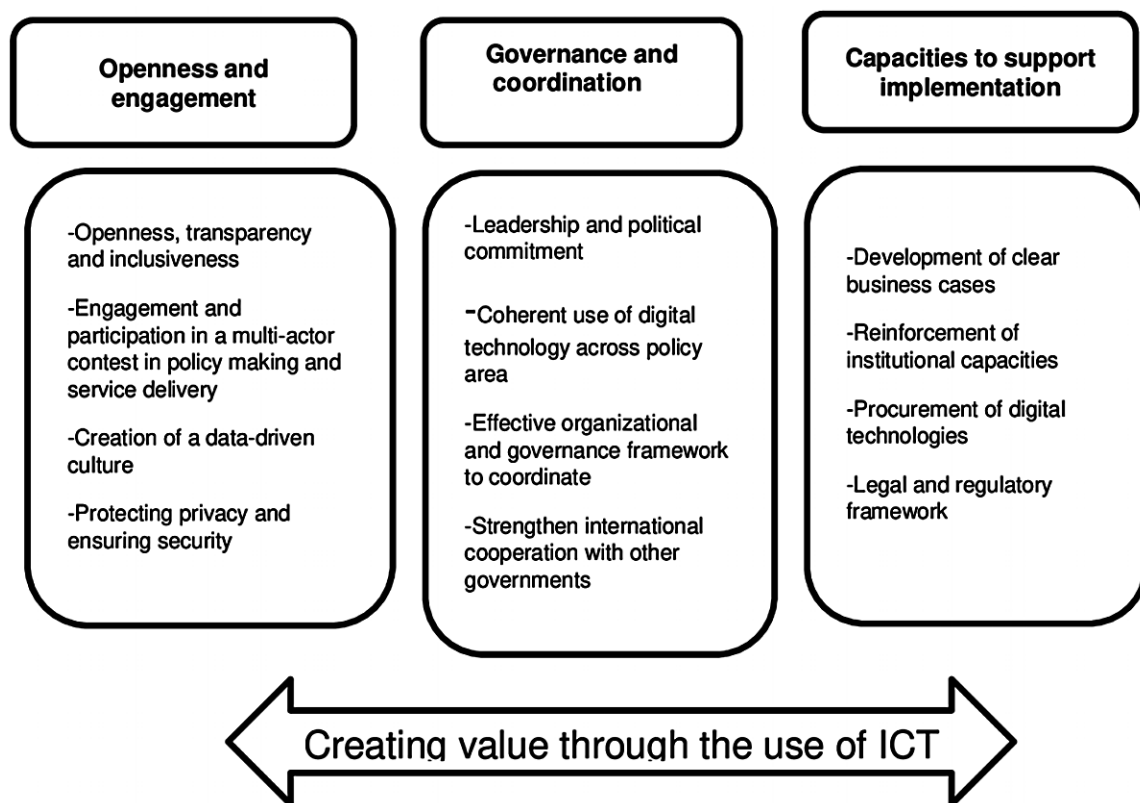
In the public financial management, IAT framework contains the core aspects of the integrity system that is designed to ensure the key institutional actors' commitment to the attainment of public good. Integrity is a fundamental category that brings into the picture the need for honesty and trustworthiness, which includes such requirements as making sure that financial reports are correct, consistent, and accurate. Accountability relates to responsibilities. Financial accountability requires that people holding political or administrative positions are kept accountable for their financial decisions and actions. Lastly, transparency refers to government's obligation to share relevant information with citizens. In financial management it implies an easy access to financial information about government and public policies. (Matsiliza & Zonke, 2017.)

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In order for government to be truly open, certain conditions must be met. Among the most crucial are such as overcoming knowledge asymmetries, facilitating joint fact-finding, and enabling trust building (Kompella, 2017). Decreasing knowledge asymmetries helps not only to level the playing field between government and non-state stakeholders but also to empower citizens (Choi, Park, Rho & Zo, 2016; Karl, Susskind & Wallace, 2007)

Lastly, information and communication technologies (ICTs) have become among the most important factors behind the emergence of a new paradigm of public governance, the transformation of institutional and social organization of society, and the informatization that is essential in expanding citizens' knowledge and skills needed in smartening up governance (Ramos Chávez, 2015). Institutional arrangements must be supplemented by the utilization of new technologies that can significantly enhance IAT by providing new ways for information dissemination, government-society collaboration, and civic engagement and participation. Key components of the digital strategy for open governance are depicted in Figure 1.

Figure 1. Digital strategy in open governance concept.
(OECD, 2016).



A particular aspect of openness in digital governance is open data, which has attracted increased attention in recent years in public sector reform discourses. The idea behind open data is to make government data freely accessible to the public for utilization, modification, and sharing (Chan, Johnson, & Shookner, 2016; Medina, Garcia, Juanes, Barrios & Yanes, 2014; Bartenberger & Grubmüller-Régent,

2014). It offers a range of economic, social and political benefits by enhancing service provision to meet individual and community demands and advancing citizen rights to access, modify, and share information, which both directly and indirectly increase IAT in public governance (Granickas, 2013; Zuiderwijk & Janssen, 2013; Veljković, Bogdanović-Dinić & Stoimenov, 2014). It paves the way for the building of a dynamic democratic polity (Beno, Figl, Umbrich & Polleres, 2017). It is worth emphasizing that this does not concern only developed countries. In most developing countries, governments have already embraced the idea of digitalization and have also utilized it in promoting open governance.

3.2. Open Governance in Budgeting and Financial Reporting

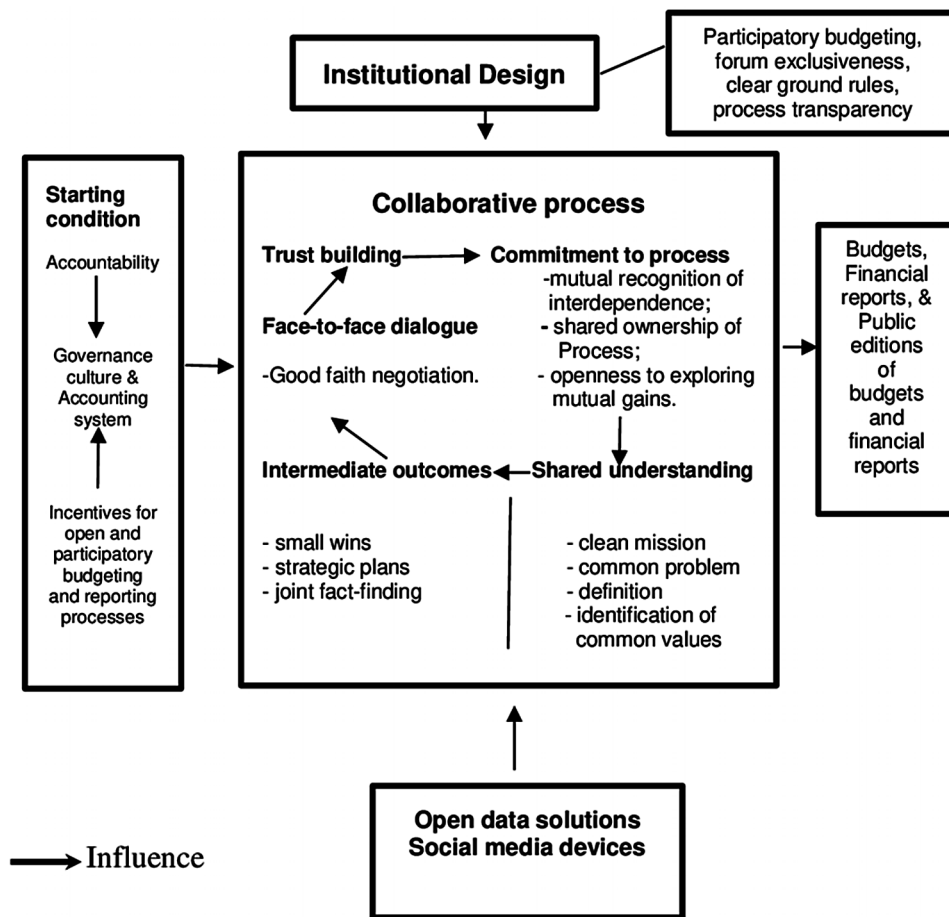
The principles and practices of IAT (Integrity, Accountability, and Transparency) will essentially improve the quality of budgeting and financial reporting in local governments. Budgets and financial reports are crucial elements of democratically steered public sector organizations. Budgetary reporting can be included in the broad concept of financial reporting (IPSASB, 2014). It can be separated from the concept of general purpose financial statements (GPFS) that consists of income statements, funds flow statements and balance sheets, which are all established statements in private sector accounting entities but are less frequently used by public sector entities. In the public sector and its tax-financed entities, budget and budgetary reporting form the core area of reporting, and provide the primary tool for accountable public entities to provide sufficient information to citizens and to show accountability.

Local self-government is a typical example of a commissioned economy that is run on behalf of citizens, who expect that they receive services organized by the local government as a return for their taxes and fees. They expect that activities are arranged in a cost-effective manner and produce “value-for-money” (Brusca, Manes Rossi & Aversano, 2015).

In this context of local government, a well-functioning chain of accountability runs from administration to the local council and further to citizens. Councillors are in charge of budget decision-making and steering the administration that implements the authoritative budgets decided by the council. Financial reporting should assist in fulfilling government’s duty to be publicly accountable and should enable users to assess that accountability in a transparent way. Governmental financial reporting should provide information to assist users in (a) assessing accountability and (b) making economic, social, and political decisions. The duty to be publicly accountable in a many-sided way is more significant in governmental financial reporting than in business enterprise financial reporting (Mann, et.al. 2019; GASB, 1987, 22–23).

This accountability approach is connected to such reporting process outcomes as budget out-turn reports and other financial reports, including financial statement calculations, and to the citizens’ right to know how the accountable public entities have succeeded. One of the main purposes of our article is to investigate such accountability in local governments in developing countries. Concerning the new tools associated with digital governance, we focus on such new tools and media that are feasible in developing countries, in which traditional paper formats of reporting may not be that accessible when compared with new media devices, most notably social media sites. These may offer not only new ways of reaching citizens after the budget year has passed, and of reporting for accountability purposes in order to grant discharge from liability, but also during the preparation of budgets. This turns our interest to participatory budgeting in its several modes, both inside the public organizations and towards external stakeholders of which citizens form the most important category. This matter is addressed in the research, as illustrated in Figure 2.

Figure 2. Integrating the scheme into budgeting and reporting.



4. CONTEXT AND METHODOLOGY

4.1. Municipal Governance of Bangladesh

Bangladesh has two types of municipal corporations i.e., city corporations at the divisional level, while at district and sub-district levels the municipalities are named as *Pourashavas*. The eight largest cities have city corporation status in Bangladesh and the rest of the urban municipal corporations are known as *Pourashavas* (Khan, 2017).

City corporations and *Pourashavas* are led by mayors and councillors who are elected directly in local elections for the five-year term. Mayors are the heads of the city corporations and *Pourashavas*.

The budgeting systems in municipalities are monitored and financed by the Ministry of Local Government, Rural Development and Cooperatives. However, the mayor and councillors are responsible for preparing their budget on their own in order to allocate resources for a range of functions, such as public health and hospitals, education, and social welfare.

4.2. Research Methodology

The municipality is the area of focus of this research. The sample of the research is the councillors of the municipalities. The councillors form the elected body of the municipality. They are elected in direct elections of the respective area. Therefore, councillors both represent their voters and are accountable to them.

The data collection and analysis are based on conventional quantitative survey methodology. The primary data is collected using a questionnaire, which consists of closed-ended survey questions. In addition to this, there is also one open-ended question at the end of the questionnaire. The samples of the research have been selected based on the random selection process among the municipalities of Bangladesh. Eventually, in order to rationalize the research outcomes, multiple case areas have been considered and selected.

Three research assistants from different regions of Bangladesh assisted us in conducting the survey at the end of summer 2018. Among the 64 district municipalities, research assistants randomly selected eight case municipalities. In order to ensure research validity and reliability they contacted and reserved interview time with a few councillors from each municipality. Moreover, to broaden the view of local political and administrative leadership, research assistants also interviewed the mayor of each municipality, along with the chief executive officer (CEO) of the municipality. In each municipality the research had thus 4–6 respondents. Each interview session lasted from one to two hours.

5. FINDINGS

The open governance concept emphasizes openness, transparency and citizen engagement in a coordinative way. . The first question addresses the very fundamental question of how the politicians and political and administrative leaders of Bangladeshi municipalities assess the current state of development. Is there enough openness in their governance system? The view of respondents on this issue are shown in Table 1.

Table 1. Bangladeshi municipalities included in this study. Open governance concept into the municipal governance system: Q2.2. Currently, we have enough openness and transparency in our municipality. (Councillor is 1, municipal secretary or CEO is 2).

Municipalities, Used for Empirical Data Collection	Description at a Glance
1. Lakshmipur	The Lakshmipur district municipality, with a population of 1,729,188 (according to the 2011 census), is situated in Chattagram division.
2. Chuadanga	The Chuadanga district municipality is situated in the Khulna division. According to the 2011 census, this district has a population of 1,129,015.
3. Netrokona	This district municipality is situated in northern Bangladesh under the Mymensingh division. Here, the total population is 2,229,642 (2011 census).
4. Dinajpur	This is another northern district municipality of Bangladesh, and is situated in the Rangpur division. 2,990,128 people populate this district (2011 census).
5. Naogaon	This district municipality is part of the Rajshahi division. This district's population is 2,600,157 people (2011 census).
6. Sylhet	Sylhet is a very old and famous district and divisional corporation of Bangladesh, and is the administrative centre of some other nearer districts. According to the 2016 census, the district has a population of 3,957,000.
7. Barishal	This district and divisional municipality is situated in the south-central part of Bangladesh. The total population of this district is 2,324,310 (2011 census).
8. Gazipur	This district is situated in the capital division of Dhaka. In many aspects, this is the most famous district of Bangladesh. This district has a total population of 3,403,912 (2011 census).

Municipal representatives emphasize that there is enough openness and transparency in their municipalities. Furthermore, it seems that CEOs agree strongly to a greater degree than elected representatives do. Among the 32 councillors only 25% strongly agreed with the statement, and on the other hand, 85.7% of CEOs were very positive and strongly agreed on the municipality's transparency and openness (see Table 1). What is understood as "enough" on sensitive issues like openness and transparency obviously varies between people. Therefore, the following detailed questions are supposed to help in elaborating this issue regarding various aspects of citizen involvement in municipal financial management..

In Table 2, councillors have answered about the feedback system from local people in the municipality's budgetary and financial matters. Among the total 39 respondents, only 3 (7.7%) have answered positively that there are established feedback mechanisms in municipalities' budgeting and financial affairs. This indicates that in the case of the municipality, the participation and collaboration processes are not satisfactory regarding internet feedback systems. If it is assumed that paid officials know the factual situation better than councillors, the majority of subject municipalities are not using internet feedback systems at all, which is a poor method of meeting the requirement of the modern concept of open governance.

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Table 2. Open governance concept into the municipal governance system: Q2.2. Currently, we have enough openness and transparency in our municipality. (Councillor is 1, municipal secretary or CEO is 2). How much participatory opportunity do you have for local people in preparing the annual budget before it is formally accepted? Q4.2. Internet feedback system. (Councillor is 1, municipal secretary or CEO is 2).

		Currently, We Have Enough Openness and Transparency in Our Municipality				Total
		Barely Agree at All	Agree to Some Extent	Agree	Strongly Agree	
Councillors Municipal secretary or CEO	Count	2	6	16	8	32
	%	6.3%	18.8%	50.0%	25.0%	100.0%
	Count	0	0	1	6	7
	%	0.0%	0.0%	14.3%	85.7%	100.0%
Total	Count	2	6	17	14	39
	%	5.1%	15.4%	43.6%	35.9%	100.0%

Along with the feedback systems, budgetary and financial issues in local governance are in quite a poor state in terms of the utilization of various ICT tools and Internet. In Table3, it can be seen that in the case of using different methods of delivering financial reports to the mass of people, most of the respondents have shown that they do not have any way of delivering budgetary and financial matters to the mass of people via social media.

Table 3. How much participatory opportunity do you have for local people in preparing the annual budget before it is formally accepted? Q4.2. Internet feedback system. (Councillor is 1, municipal secretary or CEO is 2). Which of the following ways are used in your municipality? Q3.5. Use of social media, i.e. Facebook, YouTube, etc. to inform local people regarding the budget. (Councillor is 1, municipal secretary or CEO is 2).

		How Much Participatory Opportunity Do You Have for Local People in Preparing the Annual Budget Before It Is Formally Accepted?				Total
		Not Used at All in My Municipality	Sometimes, Not in an Established Way	Every Year, in an Established Way	I Do Not Know	
Councillors Municipal secretary or CEO	Count	16	6	3	7	32
	%	50.0%	18.8%	9.4%	21.9%	100.0%
	Count	6	1	0	0	7
	%	85.7%	14.3%	0.0%	0.0%	100.0%
Total	Count	22	7	3	7	39
	%	56.4%	17.9%	7.7%	17.9%	100.0%

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In Table 4, in most cases the councillors have mentioned that their respective municipalities publish their annual report every year in an established way. On the other hand, the popular edition of the financial report has not been published in an established way but rather (Table 5) only on some particular occasion.

Table 4. Which of the following ways are used in your municipality? Q3.1. The annual report, after the budget year, is published as a whole as a paper format. (Councillor is 1, municipal secretary or CEO is 2).

		Ways of Delivering Financial Reporting Information to People: Use of Social Media, i.e. Facebook, YouTube etc. to Inform Local People Regarding Budget				Total
		Not Used at All in My Municipality	Sometimes, Not in an Established Way	Every Year, in an Established Way	I Do Not Know	
Councillors Municipal secretary or CEO	Count	19	7	2	4	32
	%	59.4%	21.9%	6.3%	12.5%	100.0%
	Count	5	1	1	0	7
	%	71.4%	14.3%	14.3%	0.0%	100.0%
Total	Count	24	8	3	4	39
	%	61.5%	20.5%	7.7%	10.3%	100.0%

Table 5. Which of the following ways are used in your municipality? Q3.1. The annual report, after the budget year, is published as a whole as a paper format. (Councillor is 1, municipal secretary or CEO is 2). Which of the following ways are used in your municipality? Q3.2. The annual report, after the budget year, is published as a popular edition. (Councillor is 1, municipal secretary or CEO is 2).

		Ways of Delivering Financial Reporting Information to People: The Annual Report, After the Budget Year, Is Published as a Paper Format			Total
		Sometimes, Not in an Established Way	Every Year, in an Established Way	I Do Not Know	
Councillors Municipal secretary or CEO	Count	2	29	1	32
	%	6.3%	90.6%	3.1%	100.0%
	Count	1	6	0	7
	%	14.3%	85.7%	0.0%	100.0%
Total	Count	3	35	1	39
	%	7.7%	89.7%	2.6%	100.0%

A confusing part of councillors' and officials' statements is shown in Table 6. They have answered in most cases that they need to learn to some extent about the financial statement.

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Table 6. Which of the following ways are used in your municipality? Q3.2. The annual report, after the budget year, is published as a popular edition. (Councillor is 1, municipal secretary or CEO is 2). Q1.4. I would need to learn a lot in order to cope with the financial statement of my municipality. (Councillor is 1, municipal secretary or CEO is 2).

		Ways of Delivering Financial Reporting Information to people: The Annual Report, After the Budget Year, Is Published as a Popular Edition					Total
		Not Used at All in My Municipality	Sometimes, Not in an Established Way	Every Year, in an Established Way	I Do Not Know	5	
Councillors Municipal secretary or CEO	Count	4	18	5	4	1	32
	%	12.5%	56.3%	15.6%	12.5%	3.1%	100.0%
	Count	0	4	2	1	0	7
	%	0.0%	57.1%	28.6%	14.3%	0.0%	100.0%
Total	Count	4	22	7	5	1	39
	%	10.3%	56.4%	17.9%	12.8%	2.6%	100.0%

On the other hand, in defining the knowledge of citizens, councillors and officials have said that citizens are in most cases capable of understanding municipal financial reporting (Table 7). At first look, this is a confusing statement, if one assumes that in developing countries especially people may be for many reasons excluded from reading and understanding financial reporting text. However, one must notice that this is an opinion of the respondents about citizens' capabilities. Furthermore, respondents answered about their own need to learn and to cope with financial statements, which are difficult to understand for ordinary people without accounting training. Respondents' opinions about citizens' ability to read and understand make a reference to financial reporting, which also contains other financial reporting such as budgets and popular editions of budgets. Nonetheless, respondents did not have pessimistic opinions about people's ability to handle municipal financial reporting, and this result should then effect on municipal decision-makers in their responsibility for advancing open governance in public and transparent reporting to citizens, to whom they are accountable.

Table 7. Q1.4. I would need to learn a lot in order to cope with the financial statement of my municipality. (Councillor is 1, municipal secretary or CEO is 2). Q1.5. I think that citizens are able to read and understand the financial reporting of my municipality. (Councillor is 1, municipal secretary or CEO is 2)

		Reporting of My Municipality: I Would Need to Learn a Lot in Order to Cope With the Financial Statement of My Municipality					Total
		Do Not Agree at All	I Barely Agree at All	Agree to Some Extent	Agree	Strongly Agree	
Councillors Municipal secretary or CEO	Count	2	7	9	7	7	32
	%	6.3%	21.9%	28.1%	21.9%	21.9%	100.0%
	Count	0	1	3	2	1	7
	%	0.0%	14.3%	42.9%	28.6%	14.3%	100.0%
Total	Count	2	8	12	9	8	39
	%	5.1%	20.5%	30.8%	23.1%	20.5%	100.0%

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Along with the aspects described above, this research also included other survey questions. Most of the respondents (59%) wanted accrual accounting rather than cash accounting in their municipalities. Most had quite a positive view about the status of open governance in their local governments. For instance, the respondents also believed (64.1%) that their respective municipality published financial statements in a timely manner, and that the financial statements were user-friendly (38.5% agreed and 48.7% strongly agreed) and were well-integrated (43.6% agreed and 38.5% strongly agreed). Moreover, the councillors and CEOs have acknowledged that they understand the open governance concept very well (20.5% agreed and 56.4% strongly agreed). In the case of the right of stakeholders to participate in budgeting and municipal financial matters, respondents have given positive feedback (i.e., 35.9% agreed and 41% strongly agreed). Besides, both councillors and CEOs have shown their strong positive attitude and trust towards the management of their respected municipalities (28.2% agreed and 66.7% strongly agreed). All this means that the decision-makers and those in power should also bring these thoughts into reality as much as possible. Regarding this, the survey shows that the opinions about the factual situation in some open governance matters are still immature, although in some matters they are well established. The following discussions give further evidence of this.

Table 8. Q1.5. I think that citizens are able to read and understand the financial reporting of my municipality. (Councillor is 1, municipal secretary or CEO is 2)

		Reporting of My Municipality: I Think That Citizens Are Able to Read and Understand Financial Reporting of My Municipality				Total
		I Barely Agree at All	Agree to Some Extent	Agree	Strongly Agree	
Councillors Municipal secretary or CEO is 2	Count	1	11	12	8	32
	%	3.1%	34.4%	37.5%	25.0%	100.0%
	Count	0	2	3	2	7
	%	0.0%	28.6%	42.9%	28.6%	100.0%
Total	Count	1	13	15	10	39
	%	2.6%	33.3%	38.5%	25.6%	100.0%

The survey questionnaire finally had some important questions on the availability of budgetary and financial information to the stakeholders. 64.1% of the respondents answered that the annual budget is published on the municipal website every year. In addition, 46.2% of respondents answered that public hearings on the budget and its outcomes happen every year, though not following a particular meeting format, whereas the same share of respondents (46.2%) said that the meeting was held every year in an established way. In the case of participatory opportunities for preparing the annual budget, 71.8% of respondents have agreed that the participatory budget meeting was held every year following an established procedure.

In order to define the role of local councillors, the researchers have asked the councillor's promptness in contacting local people and vice versa. Councillors demonstrated that they are quite communicative

with local people (46.9% responded that they contact local people very often and 31.3% responded that they contact often). Moreover, local people also contact them often (28.1%) or very often (46.9%).

Beside the close-ended questions, there were also an open-ended question to identify the actual problems in municipal budgetary and financial matters. In the most common cases, the respondents pointed out that they needed skilled staff in building momentum for budgeting and public finance that is genuinely transparent and participatory. This is an important indication of the future needs of opening budgets and financial processes in Bangladeshi municipalities.

6. DISCUSSION

In the Western countries there are high hopes for building the culture of openness and transparency with the help of ICTs (Bertot et al., 2010; Bartenberger & Grubmüller-Régent, 2014; Chan et al., 2016; Jetzek et al., 2013; Veljković et al., 2016). This may not be the case in the developing countries, however, at least in the short term. Research results indicate that integrating ICTs in the financial and budgetary processes does not seem to provide the solution in the Bangladeshi context due to various political, cultural, societal, and technological reasons. Local conditions are seen to be fairly good even without the deployment of the new ICTs in budgeting and financial reporting. This entails that the development of openness in financial reporting and budgeting must be based on the specific preconditions of the given context.

Regarding large urban municipalities in Bangladesh, the preconditions for good governance are seen to be satisfactory. According to respondents, there is enough openness and transparency in budgeting and financial matters. Whether this is objectively true cannot be answered with an opinion survey only to councillors and managers. Such a positive view was balanced by equally critical remarks. Most notably, our survey shows that there is still much to do in developing modern new ways of transparency and of involving people in governance processes in budgeting and reporting. In the same vein the facilitation of participation in municipal budgeting and financial reporting is still in its infancy. This observation is in line with the findings of prior research on various aspects of good governance in developing countries (e.g. Krah & Mertens, 2020; Purwanto, Zuiderwijk & Janssen, 2020; Choi, Park, Rho & Zo, 2016; Khan & Anttiroiko, 2014).

Research surveys show that the annual financial reports are published every year in the way that fulfils local and national requirements. Financial statements are published in a timely manner and were assumed to be user-friendly. Politicians seem to trust in the financial administration of the municipality in this matter. They are also confident of their constituents' ability to understand sufficiently financial reports. In this sense the current situation contains a many encouraging signs.

On the other hand, there is still need to improve capacity and awareness of enhanced ways of transparent and participatory municipal budgeting and financial reporting.. Moreover, a true sense of openness and transparency as well as citizen engagement have their obvious challenges, too. Local political and administrative leaders are aware of the idea of 'open governance', but its realization is somewhat complex process that is conditioned by the underlying local realities.

This survey indicates that the local political elites have a fairly positive view of the overall functioning of the current budgeting and financial system, which implies that there is no particularly strong desire or urgent need for reforming the system towards greater openness and transparency. What would then be the drivers or pressures that might push open governance further? Let us discuss next three of the most

prominent factors, i.e. participatory turn in democratic system, political leadership, and digital revolution (see Bergh, 2009; Bertot et al., 2020; Anttiroiko, 2017; Schnell, 2020).

To begin with, the rise of civil society and increased political participation within democratic system has its limits due to prevailing culture and political system in Bangladesh (Khan, 2017). In short, even if people are inspired by democratic ideals and the country has gone through democratic struggles for several decades, the path towards democracy continues to be cumbersome (Alam, 2019; cf. Bergh, 2009; Souza, 2001). An alternative route is paved with national political leadership, government intervention, and the introduction of administrative reforms. There are such tendencies in the central government, even though their impact on municipal government is varied and at times difficult to manage (Khan, 2017; 2018). The central government may also lead by example, as the government of Bangladesh has done with the development of e-government, for example (Khan & Anttiroiko, 2014).

Another external driver of change is the ICTs, which has an apparent potential to increase openness (Bertot et al., 2010). Could technological development overcome some hindrances associated with political culture, leadership and administrative reforms and thus provide a shortcut to open government (see e.g. Kompella, 2017; Choi et al., 2016; Khan, 2018; Veljković et al., 2014; Zuiderwijk & Janssen, 2013)? Currently it seems that even if Bangladesh supports many open governance initiatives, such as Bangladesh Open Data (<http://data.gov.bd/>), there is still no research findings of extent of factual transparency experienced by the people at the local level. In this regard the case of Bangladesh reflects the prevailing features of the global open government trend as portrayed by Schnell (2020). As concluded by Schnell (2020), technological tools for openness are not sufficient as such for ensuring systemic government openness.

Survey results confirm the assumption that in the given context digitalization may be more a promise than a factual impactful practice implemented in a consistent way. There are too many underdeveloped aspects in the use of ICTs in opening data, preparing and disseminating financial reports, and organizing feedback systems. There is actually a particular trap in such an ICT-based view of open government, for it may distance local government from rights-based view of openness and civil society involvement while at the same time being devoid of the blessings of the new technological advances that form the premise of global open government trend (Schnell, 2020). Such a trap may create technocrats without technological advancements that produce digital participatory feedback that also have an impact on budget decision making.

7. CONCLUSION

Municipalities in Bangladesh have developed budgeting and financial reporting systems that are seen to be sufficiently transparent. This is the view held especially by the chief executive officers. Yet, feedback systems are not particularly sophisticated, and the digital tools are still underutilized to a great extent. Against the high hopes of the role of ICTs in building open government, one of the future challenges is to assess how the traditional municipal system can be developed to enhance openness, while at the same time building better understanding of and preconditions for the greater utilization of digital tools in promoting openness in budgeting and financial reporting in developing countries.

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APPENDIX

1. Survey Questionnaire

Figure 3.

Q1. Do you think that it is necessary to have accrual accounting instead of cash accounting in your municipality?

Cash and accrual accounting: Under the cash accounting method, all revenues and expenses are recorded when cash is actually received or cash is actually paid. In accrual accounting, all revenues are recorded in the period when goods and services are performed, and all expenses are recorded in the period when goods and services are purchased.

☐ Yes ☐ No ☐ I do not know

	Do not agree at all 1	2	3	4	Strongly agree 5
1. I think that my municipality publishes financial statements timely.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. I think the financial statement of my municipality is user-friendly.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. I think the numerous information of the financial statement of my municipality are well integrated.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. I would need to learn a lot in order to cope with the financial statement of my municipality.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. I think that citizens are able to read and understand financial reporting of my municipality.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q2. Open governance concept into the municipal governance system:

Open governance concept is a combination of principles towards an inclusive government, through the citizen engagement, transparency, accountability and integrity, and to implement open data for all using ICTs applications into the system.

	Do not agree at all 1	2	3	4	Strongly agree 5	I cannot answer
1. I understand the concept 'open governance' very well.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Currently, we have enough openness and transparency in our municipality.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. I think citizens and other stakeholders have right to participate budgeting and to oversight municipality's financial matters.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Figure 4.

4. I can trust upon the management of my municipality regarding budgeting and financial reporting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Ways of delivering financial reporting information to people:**Q3. What of following ways are used in your municipality?**

	Not used at all in my municipality	Sometimes, not in an established way	Every year, in an established way	I do not know
1. The annual report, after the budget year, published as a whole in paper format.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The annual report after the budget year is published as a popular edition.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. The annual report after the budget year is published in municipal website.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Open meetings and public hearing, in which the municipality officials tell about the budget and its outcomes.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Use of social media, i.e. Facebook, YouTube, etc. to inform local people regarding the budget.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q4. How much participatory opportunity do you have for local people in preparing annual budget before it is formally accepted?

	Not used at all in my municipality	Sometime, not in an established way	Every year, in an established way	I do not know
1. Participatory budget meetings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Internet feedback system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Other channels for suggesting budget items and contents, if what?----- ----- -----	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Local councilors role:

	Not contacts at all	Contacts seldom	Contacts often	Contacts very often
1. How active are you personally in taking contacts with local people.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Figure 5.

regarding the budget discussion and its processing.				
2. How actively local people contact you regarding the budget and financial reporting.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Open question:

What are the biggest problems regarding municipal budgetary and financial reporting in your municipality and how would you solve the problems?

.....

.....

.....

.....

.....

.....

Personal data

1.1. Group and number of respondent (filled by the researcher):

e.g. In the first blank space municipality code (Name of the municipality or initials). In second blank space number of respondents (1, 2, 3 and so on)

1.2. Gender of respondent:

☐ Female ☐ Male

1.3. Age of respondent:

2. Professional background

2.1. Occupational group:

☐ Private sector employee ☐ Public sector employee ☐ Student

☐ Pensioner/retiree ☐ Entrepreneur ☐ self-employed/freelancer

☐ Unemployed/No, job

2.2. Does your work responsibility include financial and accounting matters?

☐ Yes ☐ No

2.3. Job title:

Figure 6.

3. Educational background

3.1. Level of education:

- ☐ No formal education ☐ O level/SSC ☐ A level/ HSC
☐ University degree (Bachelor or Master) ☐ Doctoral degree
☐ Other degree, What?-----

3.2. Does your education include accounting training?

- ☐ Yes ☐ No

4. Local council membership

4.1. Since when you have been member of the local/municipal council (year yyyy):

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4.2. If applicable, interruption of membership:

4.3. I am a member of following committees in the local council:

- ☐ Steering committee ☐ Financial committee ☐ Audit committee
☐ Youth, social, school committee ☐ Building/ construction committee ☐ Committee on economic affair
☐ HR/staff committee ☐ Cultural committee

☐ Other committee, what? _____

2. Survey Methods

Figure 7.

How we have completed our survey

Since the Questionnaire was closed ended, we have followed the interview method to complete the survey. Here we followed several steps to accomplish the survey.

Step-1: We contacted with the City Mayor, Chief Executive Officer, Secretary and Councilors of the respective City Corporations and Municipalities over phone and took a schedule for maximum 2hours for each interviewee.

Step-2: Then we went to each interviewee on the fixed schedule and took interviews. It took 75 minutes to 90 minutes to complete an interview. To make the questions easy to understand, we translated the questions into Bengali and gave a questionnaire to each interviewee. Besides we had kept a questionnaire which is written in English with us during the interview and filled up when they answered the questions.

It took 2 days to take interviews from each City Corporation or Municipality. Then we gathered all the questionnaires and completed the survey.