

Public Financial Management System and Accountability in The Gambia's Public Service.

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ABSTRACT

This study examines The Gambia's public financial management (PFM) system and its influence on accountability within the public service sector. A sample of 330 was determined from a population of 1850 with the aid of Yamane (1964) sample determination formula. Using a quantitative approach, the research assessed the effects of PFM practices on the efficiency and accountability in The Gambia public service. Findings showed that enhanced PFM practices, especially in revenue collection, expenditure control, and internal auditing, were found to significantly improve accountability. The adoption of the Treasury Single Account (TSA) and centralized financial reporting systems emerged as critical mechanisms for promoting fiscal discipline and improving service delivery efficiency. Hypothesis testing confirmed that budget transparency, tax efficiency, internal audit capacity, and debt sustainability positively influence service delivery. PFM practices were also shown to significantly enhance accountability, although expenditure controls exhibited no direct effect. High public debt and weak tax administration were identified as major constraints to effective PFM reform. The study concludes that improving transparency, enhancing tax efficiency, and strengthening audit capacity are crucial for advancing service delivery and accountability in The Gambia.

Keywords: Public Finance, Management, Budgeting, Accountability, Public Service.

INTRODUCTION

Accountability in public financial management (PFM) is central to good governance, as it promotes transparency, integrity, and responsible use of public resources. Strengthening PFM systems has become increasingly important due to rising concerns about financial mismanagement, corruption, and misuse of public funds in many developing countries. Effective accountability mechanisms help build public trust in government institutions and ensure that officials are answerable for their decisions. A sound PFM system establishes clear rules, procedures, and controls for managing public finances, thereby enhancing oversight and reducing opportunities for abuse.

The Gambia, one of the world's poorest countries, faces significant development challenges. According to the 2020/2021 household survey, poverty affected 53.4% of the population—an increase from 2015 levels. Given this context, efficient and accountable management of public resources is essential. The public sector in The Gambia, which operates on behalf of the population, relies on strong financial institutions to ensure due diligence in resource management. The Central Bank of The Gambia (CBG) and the Ministry of Finance and Economic Affairs (MoFEA) serve as the primary regulatory bodies overseeing financial governance, including monitoring Ministries, Departments, and Agencies (MDAs).

To align with international best practices, The Gambia initiated formal PFM reforms beginning in 2010. The first PFM Strategy (2010–2014) led to significant milestones, including the establishment of the Integrated

Financial Management Information System (IFMIS), the rollout of the medium-term expenditure framework (MTEF), strengthening of internal audit functions, and creation of the Public Financial Management Directorate (PFMD) within MoFEA. A 2014 PEFA assessment informed the second PFM reform strategy (2016–2020), which introduced quarterly expenditure reports, cash-flow forecasting, and medium-term debt management strategies. Diagnostic assessments such as TADAT (2017) and PIMA (2019) further guided reforms. These initiatives, supported by successive institutional projects and development partners, contributed to improved domestic resource mobilization, audit capacity, and financial controls.

Having established the intention of aligning PFM practices in the Gambia with international best practices, what effect have the prevailing PFM practices on efficiency and accountability in the Gambia? It is against this backdrop that this study aimed at evaluating the effects of current public financial management practices on the efficiency and accountability in The Gambia public service. The hypothesis to be tested is “budget transparency, tax efficiency, internal audits, and debt sustainability have no positive effect on service delivery”.

LITERATURE REVIEW

Regarding the literature on PFM in most parts of the world, three key thematic themes are identified. First, is the notion that “budgets are made better than they are presented. The implication is that African countries tend to have their budget preparation processes comparatively stronger than their budget execution and oversight processes. In PFM jargon, this trend is commonly referred to as “upstream processes are stronger than downstream processes”. Secondly, African public financial management systems mostly suffer from an implementation deficit. That is to say, though laws and processes may be in place, nonetheless they hardly ever affect actual behavior. In other words, legislation and procedures have been improved, but implementation has not yet been achieved. Thirdly, African PFM systems tend to suggest that processes are stronger when narrower, concentrated sets of actors are involved in implementation, while processes are weaker where they involve multiple players, especially outside of central PFM entities like the budget department (Andrews, 2010).

Onukelobi and Okoye (2019) examined in their study the financial management reforms in the Nigerian public sector and what effect such has had in limiting the spread of corruption in the sector. “These financial management reforms include the implementation of International Public Sector Accounting Standards (IPSAS) and the introduction of Treasury Single Account (TSA) & Government Integrated Financial Management Information System (GIFMIS). The study revealed that several of these reforms had an instant contribution in closing leakages & revealing loopholes through which funds might be misappropriated. In their recommendation, the paper advises the government to fully implement several of these reforms to its fullest in order to enhance the government’s potential to fully reduce corruption.

Enofe, Afiangbe, et al in Oladele, Rotimi et al, (2021:9) in their study, noted that with the introduction of financial management tools such as the TSA and GIFMIS, an appreciable reduction in corruption has been noticed. In addition, such tools have had an instant impact in the performance of the public sector by reducing financial irregularities and leakages. The study noted that with the introduction of several of these reforms, has come an associated improvement in transparency and accountability in the management of public funds .

A deluge of new laws and regulations of international standards in many countries indicates a commitment to fiscal transparency, supported by the Poverty Reduction Strategy Paper (PRSP) and multi-year budgeting processes to better link policy to budget and entrench fiscal discipline. On the negative side, the study finds seemingly insurmountable implementation shortfalls of these laws, partly reflecting lingering capacity constraints, susceptibility to the whims of weather, gyrations in commodity prices and anaemic foreign aid flows. Reinvigorated efforts are keenly needed to enhance transparency in procurement and privatization processes, ensure the integrity of budgeting data and documents, and to address auditing and critical deficiencies in the involvement of Parliaments and other independent oversight organs.

It further stipulated that, the most important constraint that Africa faces in applying good fiscal transparency practices is the lack of political will and commitment. Without this element at the core of economic reforms in general and fiscal reforms in particular, no amount of foreign assistance or legislation can extricate the continent

and her peoples from the economic mismanagement, corrupt practices and the dire poverty plaguing the continent (UN, 2005).

Barata et al (2011), stated that financial records should have four important qualities or characteristics. That is, records are fixed, have authority, unique and are authentic. Records management involves the management of records from creation and capture, through to maintenance and use and their ultimate transfer to an archive or destruction. Consolidated financial records and a summary of statements are critical for transparency in the PFM system (PEFA 2005). The statements need to be understandable and provide information in a consistent manner. For quite some time the Public Sector Committee of the International Federation of Accountants (IFAC) established a set of public sector accounting standards for General Purpose Financial Statements (GPFS), prepared on either a cash or accrual basis. Differences between International Public Sector Accounting Standards (IPSAS) and statistical bases of financial reporting have also been analyzed and recommendations for convergence made.

According to Requena (2006) Public Internal Financial Control plays a key role in ensuring sound financial management in public administrations and is thus a key objective for most governments. The concept of Public Internal Financial Control has been developed by the European Commission in order to provide a structured and operational model to assist national governments in re-engineering their internal control environment and in particular to upgrade their public sector control systems in line with international standards.

Modern internal control is focused on transparency, both in terms of clear lines of responsibility and in terms of harmonized methodology and standards. Transparency is a manifestation of the principle of the government being held accountable towards the public that has elected it to raise income and spend on its behalf. Public internal control is preventive in nature and aims to ensure that adequate systems are in place to thwart as much as possible the occurrence of corruption and fraud. Budget and spending centres should be equipped with a functionally independent internal auditor in order to support management through the provision of objective assessments of the internal control systems in place. The auditor's role is to assess the adequacy of the internal control systems that have been put in place by management, to highlight weaknesses/provide recommendations for improvement where necessary (Wang'ombe & Kibati, 2016:1205).

Jean et al (2008), in their study of the Evaluation of Niger Public Finances according to PEFA methodology, point out that, the public finance management system in Niger is regulated according to the directives and relevant regulations of the West African Economic and Monetary Union (WAEMU), which is based on a complete legal and regulatory framework structured around the Constitution of August 9, 1999. Moreover, backed up by the organic law relating to finance laws (OLFL), law No. 2003-11 of April 1, 2003, of the General Public Accounting Regulations (GPCR), decree No. 2002-196/PRN/ MEF of July 26, 2002. They found that, the performance, however, did not yield significant progress as registered, which do not yet make it possible to achieve PEFA standards. By example, even if the settlement law is still produced late, its regular production led to a return to bookkeeping and strengthened the control role of the Chamber of accounts and the National Assembly. This progress can be reinforced by improving internal audit capabilities.

Silva and Jayamaha (2012) conducted a study on the relationship between budgetary control and organisational performance in government parastatals in Europe. The sample consists of 40 government parastatals. Secondary data covering ten years were used. Data were analysed using a regression model. The results show a positive relationship between budgetary control and organisational performance of government parastatals. The study did not capture government MDAs but focused on government parastatals, and the attention was on performance.

Mukah (2018) carried out a study on the relationship between budgetary control and performance in the public sector. The objective of the study was to investigate the relationship between budgetary control and performance of local councils in Mezam and Momo Divisions of the North West Region of Cameroon, and the challenges these councils encounter within the process of budgetary control. The study collected primary data through a survey research design and analysed using the Ordinary Least Square (OLS) evaluation technique to find out the association between the budgetary control variables and council performance. The findings indicate that the key budgetary control variables, that is, planning, participation, monitoring and control, motivation, communication, and responsibility, had a positive and statistically significant effect on the performance of the general public

sector beneath study. In terms of population scope, this study differs from Silva and Jayamaha (2012) but has similarity in terms of an explained variable.

Olurankinse and Oloruntoba (2017) carry out an empirical analysis of the effect of accountability on budget implementation in Ondo State, Nigeria. The study employs secondary data sourced from the statistical bulletin of the Ministry of Finance. The data was analysed using ordinary least square (OLS). The major finding of the study revealed that budget indiscipline, lack of accountability, non-consideration of reasonable suggestions from interest groups while preparing the budget, inadequate monitoring instruments, political instability, non-usage of accurate data, inconsistent economic planning and policies are the major factors which are responsible for budget failure in the state.

Gershon (2012) conducted a study on budgeting, budgetary control and performance evaluation. The study sought for 44 workers at various managerial levels as sample population. A well-designed questionnaire was used to obtain data through personal interview and administration of the questionnaire. Both qualitative and quantitative methods were used in analysing the data collected, the secondary data source was also used. The analysis of the findings indicates that almost all of the key actors do not work with the budget due to lack of proper induction and proper role profile of the office they occupied and this hindered the financial accountability of the officers.

Paola de Renzio (2007) used 57 PEFA assessments to make a cross-country comparative study of the PFM performance. The study used a numerical conversion of the letter scores to yield results. The study used both bivariate and multivariate analysis. Using the multivariate results, the study showed that the PEFA scores correlated to the level of income, total population, and the degree of aid dependency of the countries. The study was, however, criticised for its controversial method of converting letters into numbers, which was arbitrary and lacked empirical basis. Paolo de Renzio suggests that to provide a more comprehensive analysis of the quality of public financial management (PFM), a structured comparison of country case studies could be included. This approach would enable a more detailed examination of specific issues that may impact the quality of PFM. Another study examined the trends or 'themes' in performance across different areas of public financial management, using a collection of detailed PEFA scores for 31 nations in Africa (Andrews, 2008).

The Government of Malawi (GoM) in collaboration with the World Bank conducted a Public Expenditure and Financial Accountability (PEFA) assessment in 2018. The main objective of this study was to assess the Public Financial Management (PFM) system using a set of indicators and to determine the level of support it provides towards achieving overall fiscal discipline, efficient service delivery, and strategic allocation of resources by the government. The study used 31 performance indicators that were assigned ratings of A to D (GoM, 2018:13). The study revealed that the budget was a good indicator of the actual performance of revenue and expenditure, however, it revealed that there was a concern regarding expenditure arrears incurred by public corporations (GoM, 2018:13). Under strategic resource allocation, the study revealed that the budget was not respected, and it was unrealistic due to materialising fiscal risks which are often met with no contingency reserves set aside in the budget. The assessment had some limitations in that some of the data was not available. An example was that actual spending figures on sub programmes were missing, thereby hampering the efficient assessment of service delivery (GoM, 2018:13).

Newberry (2002) and Newberry and Pallot (2004, 2005, 2006) investigate the consequences of New Zealand's public sector financial management system for the New Zealand central government departments. Their results indicate that while accounting-based financial management incentives have resulted in efficiency gains, they may not have improved effectiveness over the long run. Newberry and Pallot (2004) indicate that government departments have experienced resource erosion, leading to a loss of capability to deliver services over the longer-term, which may ultimately contribute to a loss of morale and difficulties in attracting and retaining staff. Similarly, Gray and Jenkins (1993, p. 65) note that the introduction of the Financial Management Initiative in the British public sector has advanced cost-awareness yet has also resulted in a shift of attention away from "the long-term interests of policy delivery to the meeting of short-term targets".

A study by Betley, Bird and Ghartey (2012) with regards to an evaluation of public financial management reform in Ghana from 2001 to 2010 revealed that public financial management reform over the period had been largely

disappointing. This was as a result of poor budget credibility, a build-up of expenditure arrears and the non-compliance with expenditure control. However, the study also states that the most substantial progress in PFM reforms was found in a stronger legislative base.

Peterson (2010) on the other hand, presents a framework for understanding PFM reforms in Africa, using Ethiopia as a case study. According to the researcher, “reforms succeed when they are aligned with four drivers of public sector reform, context, ownership, purpose and strategy.” Context could be classified from a macro, mid and micro level perspectives. The macro-level delves into the political, social and economic conditions prevailing in a country. The mid-level refers to the administrative structure, bureaucratic culture and legacy procedures within the system, while the micro-level considers the necessary conditions such as trust, need, help and urgency that must prevail. With regards to ownership, he makes a distinction between two groups of people namely shareholders and agents of reform. The agents of reform are classified as saints, demons and wizards. Purpose, which is the third driver of public sector reform, should focus on policies. The researcher argues that PFM reform was successful in Ethiopia because the government stuck to the domestic conditions and policies unique to Ethiopia instead of adopting foreign policies. Finally, the researcher contends that for the reform processes to be successful there was a need for a strategy to be put in place. He identified four key systematic variables (recognize, improve, change, sustain) that enhances effective strategy. Peterson’s work is useful for the reason that it enhances our understanding of PFM reforms in the Gambia.

According to the ADB Report (2005), as a result of serious weaknesses in budget preparation and execution, most countries in African have had problems with the management of public expenditure. The report further notes that poor budget performance in Africa could be attributed to the following factors: (a) impractical projections of revenue; (b) bad estimation of items of expenditure; (c) inappropriate controls on expenditure; (d) Fiscal indiscipline (ADB, 2005). The consequence of these poor PFM practices is the high stock of external debt that places severe restraints on investments and sustained growth in Africa.

Basheka and Phago (2004) contribute to the literature on PFA by examining five major obstacles to effective public financial accountability in African democracies. These are public finance as a political process; parameters for open and orderly public finance management dispensation (spread across the three branches or spheres of government); the impact on socioeconomic costs and benefits of revenue collection and expenditure; the complexity of public finance with its interrelated subsystems; and poorly organized citizenry and weak civil society organizations which cannot demand accountability. They argue that the key to resolving these obstacles hinges on the need for transparency in all governmental financial operations.

Ofori-Mensah (2011), argues that Ghana has a poor record in the area of public financial accountability and raises serious doubts about the ability of government revenues to be used effectively. He asserts that one of the key problems hindering effective public financial accountability in Ghana is the limited capacity of Parliament, and in particular its PAC to effectively prosecute its oversight role.

A study by the United Nations Economic Commission for Africa (UNECA, 2005), identified four critical areas in which public financial accountability and transparency could be assessed in Africa. First is the clarity of roles and responsibilities of officials; public availability of information; Open budget preparation, execution and reporting; and finally an independent assurances of integrity. The study concludes that in line with the factors mentioned above, Africa is making progress towards effective financial accountability. Yet, another study by Tsheletsane (2014) on South Africa reveals that effective PFA practices are being held up in South Africa as a result of the high turnover rate of accounting officers and of parliamentary committees such as the Standing Committee on Public Accounts (SCOPA), and a lack of political will

Theoretical Framework

Theory of New Public Management

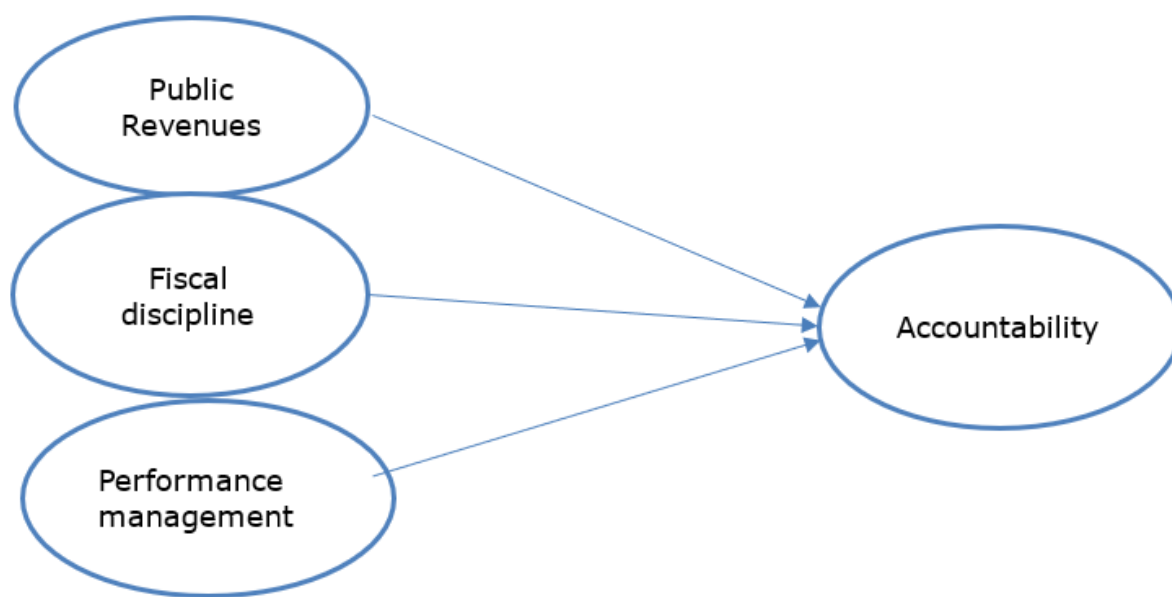
The study is underpinned by the theory of New Public Management (NPM). it is grounded on the rising isolation of citizens, the in-actual performance of bureaucracy, and the rising stresses for an actual variation in action and, public policy NPM prospered. The key hypothesis in the NPM-restructuring tendency is that “more market

direction in the public segment will direct to better cost-efficiency for governments, without having adverse side effects on other aims and deliberations. This is an ethical domination of financial standards and subservience to them of several other conventionally valid standards and principles like wider political apprehensions, area strategy objectives, proficient skill, several privileges and guidelines and the welfares of social sets. NPM is basically an awareness of general management since it discusses that all management aspects similar contests and therefore must be moving toward in comparable ways, not distinguished conferring to the type of arrangement or job. The fresh ideal of public governance tasks the traditional concepts of the inhabitant and the welfare state, the citizen as a customer, and remarking the welfare state as a market-centered distribution system” (Jannatul Ferdous, 2016).

The assumptions of NPM easily apply to issues of public financial management and its influence on service delivery. NPM perspectives emphasize compliance with ethics, transparency, equality, fairness, responsibility, accountability, prudence, participation, responsiveness to the necessities of the people and efficiency in the administration of public resources. Public financial management is the coordination of public financial resources for efficiency in public service delivery. It involves revenue collection, planning and budgeting, internal controls, audit and external oversight, among others with a view to promoting availability of benefits to the greatest number of citizens (Nyagah, 2018:20-21).

Conceptual Framework

Figure 1. Public Financial Management System



In a nutshell, the PFM system, through prudent management of public revenues, enforcement of fiscal discipline, and the incorporation of performance management, creates an environment where accountability thrives. Each component reinforces the others, facilitating responsible governance and fostering public trust.

METHODOLOGY

The research design adopted for this study is the quantitative approach. A sample size of 330 were determined from a population of 1850 using Yamane (1964) formula ($n = \frac{N}{1+N(e)^2}$). Quantitative data derived from the structured questionnaire were coded, cleaned, and entered into the Statistical Package for Social Sciences (SPSS) version 24 for analysis. SPSS was selected because of its efficiency in handling large datasets, generating precise statistical outputs, and supporting correlation techniques relevant for hypothesis testing. The correlation outputs such as p-values, ‘r’, and confidence intervals were interpreted to accept or reject the hypothesis, ensuring objective conclusions grounded in statistical evidence.

RESULTS AND DISCUSSION OF FINDINGS

Table 1. Correlations

		Budget Transpa rency	Expenditure Controls	Tax Collection Efficiency	Internal Audit Capacity	Debt Sustainability	Increased Accountability within The Gambia's Public Service Sector
Budget Transparency	Pearson Correlation	1	.193**	.099	.210**	.023	.228**
	Sig. (2-tailed)		.001	.091	.000	.696	.000
	N	293	293	293	293	293	293
Expenditure Controls	Pearson Correlation	.193**	1	.082	.079	.061	-.061
	Sig. (2-tailed)	.001		.159	.178	.299	.302
	N	293	293	293	293	293	293
Tax Collection Efficiency	Pearson Correlation	.099	.082	1	.370**	.086	.345**
	Sig. (2-tailed)	.091	.159		.000	.143	.000
	N	293	293	293	293	293	293
Internal Audit Capacity	Pearson Correlation	.210**	.079	.370**	1	.035	.359**
	Sig. (2-tailed)	.000	.178	.000		.551	.000
	N	293	293	293	293	293	293
Debt Sustainability	Pearson Correlation	.023	.061	.086	.035	1	.283**
	Sig. (2-tailed)	.696	.299	.143	.551		.000
	N	293	293	293	293	293	293
Increased Accountability within The Gambia's Public Service Sector	Pearson Correlation	.228**	-.061	.345**	.359**	.283**	1
	Sig. (2-tailed)	.000	.302	.000	.000	.000	
	N	293	293	293	293	293	293

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Researchers' computation, 2025

The correlation matrix, Table 1, shows the relationships between current public financial management practices and increased accountability within The Gambia's public service sector. Budget transparency is positively correlated with increased accountability ($r = 0.228$, $p < 0.01$), indicating that greater transparency in budgeting is associated with higher accountability in public service. Similarly, expenditure controls show a moderate negative correlation with accountability ($r = -0.061$, $p > 0.05$), suggesting that stricter expenditure controls might not directly influence accountability in a significant way.

Conversely, tax collection efficiency shows a strong positive link with responsibility ($r = 0.345$, $p = 0.01$), meaning that more effective tax-collecting methods produce more substantial responsibility. Moreover, internal audit capability shows a substantial correlation with responsibility ($r = 0.359$, $p = 0.01$), therefore underlining the need for thorough internal audits in promoting public sector responsibility. On the other hand, debt sustainability is significantly correlated with responsibility ($r = 0.283$, $p = 0.01$), implying that controlling debt sustainability is connected to enhanced accountability, albeit the effect is much less than that of other policies.

Ultimately, the study shows that some public financial management policies especially those related to tax collection efficiency, internal audit capability, and budget transparency greatly help improve public service sector accountability in The Gambia. On responsibility, the impacts of debt sustainability and expenditure limits are less clear-cut yet.

In summary, the results revealed that PFM practices positively influenced service delivery through efficient resource utilization. The test confirmed that budget transparency, tax efficiency, internal audits, and debt sustainability positively affect service delivery. Conversely, high public debt and weak tax administration significantly undermine PFM reforms.

CONCLUSION

The study concludes that The Gambia's Public Financial Management (PFM) reforms have enhanced transparency, accountability, and public service delivery, reflecting the principles of the New Public Management Theory, where monitoring, reporting, and oversight mechanisms have strengthened accountability. However, systemic challenges such as limited human and technical capacity, outdated systems, weak enforcement, political interference, and insufficient automation continue to undermine the full realization of accountability objectives. From the perspective of New Public Management Theory, these reforms demonstrate the need for greater collaboration, stakeholder engagement, and participatory governance to ensure that resources are managed effectively. Furthermore, the findings align with Public Accountability Theory, highlighting the critical importance of ethical stewardship, adherence to reporting standards, and responsible management of public resources. Strengthening human capacity, modernizing financial systems, improving tax administration, and reinforcing audit mechanisms are therefore essential for advancing sustainable governance and consolidating accountability in The Gambia.

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