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Justifications and Resistance to Government Fiscal Year Change and its Implications on Reporting by Government Agencies: A Case of Fiji

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ABSTRACT

This paper aims to understand the reasons for the Fiji government's change in its financial year and its implications on the financial reporting of a government entity. This paper attempts to understand the impact of financial year change using Burns and Scapens's (2000) Management Accounting Change framework. The data for the study was collected from both primary and secondary sources using semi-structured interviews and archival data such as Hansard reports and newspaper articles, respectively. The study found that the Fijian Government's justification for changing the financial year was aligned with businesses that also changed their financial years. The resistance by the opposition parties raised some critical issues, such as the fact that a government in its last term may pass a budget for campaigning as it falls just before elections are due to be held. The literature also raises the issue of the missing month, where reporting and publicity of the reporting are minimal. The government entity maintained the calendar year as its financial year while changing its financial reporting for the government. This is costly and requires resource utilisation, while the literature suggests that changing the financial year to a non-December month will significantly reduce audit costs and delays. Policy implications are discussed.

Keywords: Financial year; Fiji; management accounting change; public sector management; management accounting; financial year change

INTRODUCTION

A financial year is a consecutive twelve-month period or 52 to 53 weeks whereby a business is conducted, and financial statements are drawn up at the end of the year (Rothberg 2012). A financial year refers typically to a business accounting period where tax returns are filed at the end of the year, while a financial year is an annual accounting period for keeping records and reporting income against expenses incurred in that period (Inland Revenue Services 2023). One of the most crucial decisions by any government is to determine the appropriate financial year cycle. Such decisions could have repercussions on a string of activities, including reporting deadlines, finalising accounts, filing returns, and the Government budget.

Countries follow different financial years depending on their operations, funding and reporting requirements, benchmarking, and government regulations on taxation and operations. There are no trading restrictions for countries having different financial year cycles as it only will be considered when comparing 'companies' financial records internationally for benchmarking. Globally, the most common financial year is from 1 April to 30 March in countries like India, Singapore, Japan, the United Kingdom and South Africa among others. New Zealand recently changed its financial year from 1 July to 30 June while, its financial year for taxes and reporting remains from 1 April to 31 March (Inland Revenue Services 2023).

In March 2016, the Attorney General of Fiji announced that the g' 'government's new financial year would begin on 1 August and end on July 31. This change was to be effective from August 2016. Previously, the Fijian government followed the calendar year as its financial year, that is, it began on 1 January and ended on 31 December (Cava 2016). The resistance to this change was amplified because of the move by the government not to have public consultations on this historic change. The Fijian parliament, through the Financial Management (Amendment) Bill formalised the change in the government's financial years on 27 April 2016. The move to a non-calendar financial year was justified by economic factors which aimed at improving the productivity and implementation of relevant policies.

In this study, we explore the justifications provided by the Fiji Government to change their financial year, the resistance to the change and the implication of this change on a government entity's reporting. This study contributes to the minimal literature on financial year changes, particularly for a government. Prior studies have focused on financial reasons for the change in financial years of businesses and governments, while non-financial factors have been scarcely studied. Studies have not focused on the financial year change as a process, especially for governments, because they are accountable to the taxpayers, and the change will have ramifications on government entities and other taxpayers, such as businesses and their citizens. To the best of the authors' knowledge, this is the first study to examine the justifications for changing the financial year of a government, the resistance and the implications of the change on a government entity. This study has two research questions. Firstly, what are the justification and resistance to the Fiji government's financial year change? Secondly, what are the implications of the Fiji government's financial year change on the reporting of a government entity? The study uses a thematic analysis of Hansard reports addressing the first research question and a thematic analysis of interviews conducted with senior management of a government entity to address the second research question. The rest of the paper is structured as follows. Section 2 presents a brief literature review on financial year changes; Section 3 outlines the Burns and Scapens (2000) framework that this paper is based on; Section 4 outlines the research methodology utilised in this paper; Section 5 presents the results of this paper; Section 6 discusses the findings of this research and Section 7 concludes the paper based on the key findings and results.

LITERATURE REVIEW

There is scant literature on justifications and implications of financial year change, especially for a government. Of the few pieces of relevant literature, two relevant studies are by Huberman and Kandel (1989) and Smith and Pourciau (1988). However, these studies focus on whether firms with financial year ending in December and those in non-December months differ systematically. Therefore, if differences exist, researchers cannot generalise their results to all businesses.

GOVERNMENT'S FINANCIAL YEAR CHANGE

In 2016, the Government of India set up a committee to examine the option of changing the 1 April to 30 March financial year cycle. Former chief economic adviser Shankar Acharya headed the Committee. The main argument for moving away from the existing cycle is that the June-September monsoon, often referred to as the Indian ' 'economy's lifeblood, sets in barely two months into the financial year, making policy-making difficult. The last time India considered changing its financial year was in 1984 when the LK Jha committee had recommended moving to the January to December period (Hindustan Times 2019). The government did not accept the proposal due to possible transitional impact on resource allocation and management, funding, and monsoon season resource constraints, among others. Another reason the Indian government did not change the financial year because there was no agreement, even among those who wanted change, an agreed financial year could not be decided (Jha 1985).

United States government audit fees are assumed to be discounted in the off-season compared to busy times. (Copley 1989; O'Keefe & Westort 1992). Johnson et al. (2002) find that local Governments in the United States with a June financial year end incur less audit fees than those that end in September and December. The closer their financial year is to December, the local governments face the most delay. The study finds that despite being the most common, December financial year ends are the least desirable in terms of audit fees and audit delays for the United States local governments.

BUSINESS' FINANCIAL YEAR CHANGES

Du and Zhang (2013) state that when corporations change their financial year-end, they create periods called "missing months" or "orphan months"". For example, Goldman Sachs changed its financial year from November to December in 2008, creating December as the missing month that did not belong to any fiscal quarter. They reported a 1.3 billion pretax loss in December while reporting a pretax income of $2.6 billion in the first quarter of 2009. This indicates hiding huge losses in missing months that receive little publicity. McVay (2006) found evidence of shifting expenses from core earnings to special items, which receive less attention from investors. Businesses may also shift earnings to show smoothness in earnings (DeFond & Park 1997). They also shift earnings to show higher earnings in noticeable periods (Chen et al. 2016).

Using the Securities and Exchange Commission (SEC) filings, the three most cited reasons for businesses to change their financial year are changes in corporate control, regulation and business seasonality. When businesses experience a merger or acquisition, they can choose to align their financial year (Kamp 2002). Firms also change their financial year due to regulations (Kamp 2002). For example, Goldman Sachs and Morgan Stanley changed their financial year-end from November to December as it was a regulation for businesses when they became bank-holding companies. Businesses also tend to change their financial year due to business seasonality or to follow industry norms (Du & Zhang 2013). A business may also choose to change its financial year to that which is predominant in a respective industry, especially to compare financial performance (Kamp 2002; Du & Zhang 2013). Huberman and Kandel (1989) state that businesses tend to change their financial year end to when inventory is at its lowest. Two other reasons businesses may change financial year is to extend the due date for compliance with a particular regulation. Secondly, to control information transfer and propriety disclosure due to industry competition (Sinha & Fried 2008).

According to Wang (2006), changes in financial year-end impacts operations and market reactions significant to the returns earned by organisations. Several reasons were outlined in the text as to why companies change their financial year. Companies like retail businesses often avoid ending their financial year in December due to the holiday shopping season. Some companies change their financial year to align financial reporting with most publicly held local and international corporations or match year-end with parent companies. Some companies change financial year to reflect the ' 'company's business cycle to enhance business planning and initiatives.

In their report, Richards and Shutters (1998) suggested that the most significant challenge faced by companies changing their year-end is the hassle of reconfiguring their information system. The financial calendar is one of the most fundamental setups in any organisations. The accounting, information and reporting mechanisms are all based on the financial year. Most organisations keep financial records electronically using a particular accounting software application. This practice allows the organisations to record, update, maintain and upgrade as per the industry's requirements.

According to Tripathi (2013), the rationale behind the change in the company's financial year were based on several factors. The S i2i Limited and its subsidiaries had major investments in the Asia Pacific region, and the change allowed them to align and coordinate financial records and reporting measures. The customary practice of performing independent audits of the accounts for tax review purposes whereby financials are reviewed by the authorities on a calendar year basis regardless of whether the financial year coincides with the calendar year. The additional set of external audit expenses and internal resources engaged in such audits, one for the financial year-end and another for tax review, puts the financial burden on the company. Li et al. (2023) find that Chinese businesses that have not aligned their business financial year to the mandated year exhibit abnormal accruals than businesses that have it aligned. However, this relationship is driven by unintended estimation errors rather than intentional earnings manipulation. Pacheco Paredes and Wheatley (2020) find that when businesses change their financial year to a period when their auditor is less busy, firms are charged lower audit fees, and auditors have lower required efforts. There is no impact of this change on audit quality. Sundgren and Svanström (2014) find that for Swedish audit firms, audit quality is reduced when firms have less time for clients. However, this is only true for the Big4 audit partners.

Similarly, Lai et al. (2016) find that audit firm busyness results in lower-quality audit reports for listed Malaysian businesses. Goodwin and Wu (2016) challenge the latter findings because no audit firm would over-book themselves based on a concern for their reputation. Accordingly, they find no relationship between auditor busyness and audit quality in Australian companies.

In 2000/2001, Germany had a major tax reform. The reform reduced federal corporate tax from 40% of retained earnings and 30% for distributed earnings to a uniform rate of 25% for all types of profit (Eggert & Weichenrieder 2002). Before the reform, there were special tax incentives for German corporations with a financial year different from the calendar year. Transition rules under certain conditions allowed corporations to save taxes by aligning their financial year with the calendar year. 37 firms out of 157 listed firms with a different financial year from the calendar year made the change to the calendar year in 2000. The probability of change for German corporations was significantly related to the massive tax savings. This meant that German corporations made the change only when the benefits outweighed the change's costs (Blasch & Weichenrieder 2006). While prior studies have focused on financial justifications for changing the financial year of companies and governments, non-financial factors have been scarcely accounted for. This is mainly due to the lack of literature on financial year changes for governments. Most importantly, studies have also not accounted for the change process for governments and equally on the implications of the change on government entities.

FINANCIAL YEAR OF TRADING PARTNERS FINANCIAL YEAR

Several Pacific Island countries have quite peculiar financial year ends. Papua New Guinea, Vanuatu and Solomon Islands follow a calendar year, the Cook Islands and Niue have April to March, American Samoa and the Marshall Islands have October to September, Nauru and Tonga have July to June, while Samoa has a very unexpected financial year as 1 June to 31 May (Hansard 2016).

TABLE 1. Financial years of major export and import destinations of Fiji

MAJOR EXPORT MARKETS	
COUNTRY	Financial year
USA	1 October - 30 September
UNITED KINGDOM	6 April - 5 April
AUSTRALIA	1 July - 30 June
NEW ZEALAND	1 July – 30 June
JAPAN	1 April - 31 March
OTHER PACIFIC ISLAND COUNTRIES: KIRIBATI	Not Available
MARSHALL ISLANDS	1 October - 30 September
FEDERATED STATES OF MICRONESIA	1 October - 30 September
NAURU	1 July - 30 June
PALAU	1 October - 30 September
SAMOA	June 1 - May 31
SOLOMON ISLANDS	Calendar year
TONGA	1 July - 30 June
TUVALU	Calendar Year
VANUATU	Calendar Year
MAJOR IMPORT DESTINATIONS	
INDONESIA	Calendar Year
SINGAPORE	1 April - 31 March
AUSTRALIA	1 July - 30 June
NEW ZEALAND	1 July - 30 June
CHINA	Calendar Year

**Source*: Data for Major Export and Import destinations of Fiji from (Investmentfiji 2018) and for Financial years from (Cia.gov 2018).

According to the financial year dates of 230 countries (Cia.gov 2018), Fiji is the only country with a financial year starting 1 August and ending 31 Jul. Other countries with unique financial years like Fiji are Afghanistan, Ethiopia, Iran, Nepal, Samoa and the United Kingdom. One hundred fifty-five countries follow the calendar year as their financial year, including Singapore and China, major import destinations of Fiji. The financial years of other major Fiji export and import destinations are tabulated in Table I.

THEORETICAL FRAMEWORK

This paper utilizes Burns and Scapens's (2000) Management Accounting Change (MAC) framework to understand the government's financial year change as a process. The environment in which management accounting is practised has changed with advances in information technology, increased competition, differents organisational structures and new management practices, for example, in Ezzamel et al. (1993 & 1996). Evidence proves that the use of Accounting in the management process has changed (Bromwich & Bhimani 1989, 1994) as managers now use their accounting systems and routine financial reports more flexibly (Miller & O'Leary 1993). Existing research treats management accounting change as an outcome (Covaleski et al. 1993), while very little research has been devoted to how management accounting changes as a process. Burns and Scapens (2000) used the institutional theory to develop a framework for the conceptualisation of management accounting change that focuses on stability in rule-based behaviour and routine organisational systems and practices and recognises that rules and routines can change. This institutional frameworks recognises that management accounting practices can shape and be shaped by institutions that govern the organisation's activities.

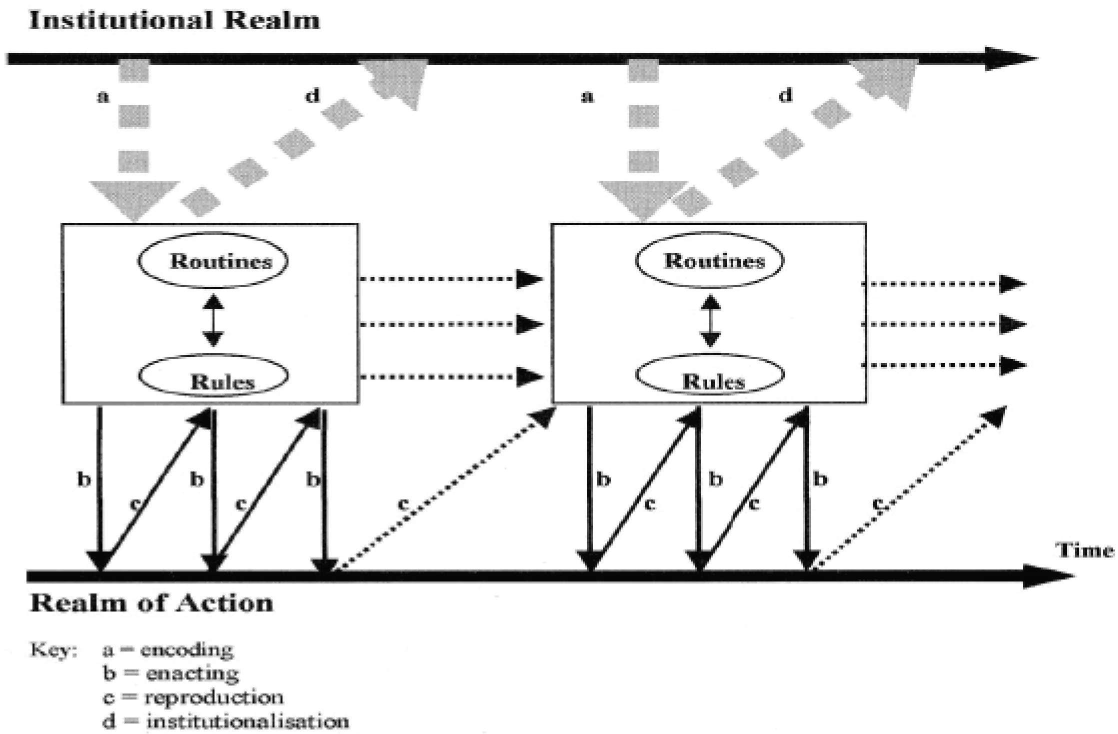

FIGURE 1. The process of sinstitutionalisation (Burns & Scapens 2000)

Scapens (1994) argued that rules were necessary to coordinate and give coherence to the actions of a group. By repeatedly following rules, behaviours become programmatic, and these behaviours could be described as routines. Reciprocally, in different organization activities, routines could have emerged from original rules or never been set in the form of rules. Organisations may try to formalise these established routines in a set of rules. Therefore, there is a two-way relationship between rules and routines. The MAC framework in Figure I combines synchronic and diachronic elements that portray that while institutions constrain and shape action at specific points in time (synchronic), actions produce and reproduce institutions through their cumulative influence over time (diachronic). The top and bottom represent the institutional realm and realm of action, respectively. The central part of the figure illustrates how rules and routines, as a cumulative process, act as modalities that link the two realms. The arrows "a" and "b" represent synchronically, and "c" and "d" the diachronic process.

METHODOLOGY

This research employs a qualitative approach to identify the justification behind the change of the Fiji government's financial year and its implications on a government entity. The MAC framework is utilised to understand the change in the government's financial year as a process. This study is divided into two research questions. The first research question examines the reasons behind the change and its resistance. This research question is examined using secondary data from

Hansard reports. These reports are used because there were no public consultations on such change, and the only reliable data for justifications and resistance were the parliamentary debates captured in the Hansard reports. The second research question of this study is the implications of the change on a government entity. Six interviews were conducted with senior members of a government entity to examine this question. The qualitative methods in this research provided insight into the reasons and motivations for changing the Fiji Government's financial year and whether it is aligned with the MAC framework. This approach allows understanding the justifications, resistance, and implications of changing the governments' financial year. The data sources for this research were both primary and secondary. Primary data was obtained through interviews, whereas secondary data sources included Fiji Parliament Hansards and News Media.

Firstly, the relevant sections of Hansards that recorded the Parliament debate on changing the financial year from the calendar year to 1 August to 31 July were studied. The Hansards record the live discussion undertaken when a bill is debated in Parliament. Expert opinions were reviewed, which were reported in the daily newspapers, namely Fiji Times and Fiji Sun. Secondly, semi-structured interviews were conducted to obtain information from the senior management of a government entity. The study uses thematic analysis to analyse the qualitative data collected from all sources and identify relevant themes. Hawkins (2018) states that thematic analysis provides a comprehensive understanding of a series of interactions in various communications. Thematic analysis captured the underlying justifications for change, resistance and its implications.

RESULTS

According to the Financial Management (Amendment) Act 2016, changes were made to certain provisions of the Bill. The primary purpose was to change the financial year from 1 January to 31 December to, 1 August to 31 July (Financial Management Amendment Act 2016). The government announced a change of the financial year on 29th March 2016 (Cava 2016). This raised concerns among organisations, and educational institutions that reported to government on their operations. There was confusion among organisations regarding the impact of the change on their operations and whether there was any apparent need for such a change.

Data collected from various sources demonstrate three main reasons behind the change in the g' 'government's financial year. First, there was a late collection of taxes by the Fiji Revenue and Customs Authority. This had unfavourable implications on the former's bottom line, keeping in mind the cash basis of accounting adopted by the government. The second reason put forward by the advocates of the government in support of the change in the financial year was the holiday mood that prevailed in the country during the festive season (Christmas and the New Year) right after the budget announcement. Third, the unplanned government expenditures on natural disasters such as cyclones during this period influenced the decision to favour change (Vuibau 2016). The above reasons are examined in more detail in the ensuing paragraphs.

The late payment of taxes at the end of the financial year meant that the Fiji Revenue and Customs Authority (FRCA) received taxes on 31 December at 4 p.m. or 4.30 p.m. These taxes were transferred to the government books the next day, 1 January, which affected the previous year's deficit. According to the Attorney General and Minister for Finance, Public Enterprises, Civil Service and Communication, Mr Sayed Khaiyum:

"For example, Madam Speaker, the financial year 2015, a tax collection on 31 December was of $69.3 million, out of which $62.6 million could not be released because it was received either after the working hours or not cleared by the banks. In other words, we had this revenue that we received, but government could not spend it because it was received after 4 p.m., or the banks had not cleared the cheques" (Hansard 2016)

This indicated that the revenue from the current financial year could not be accounted for in the next budget merely because it was recorded late in the government books. Mr Sayed-Khaiyum further stated that:

"This trend, Madam Speaker, is not something peculiar to 2015…in 2005, unutilised tax revenue at the end of the calendar year or the financial year that time also stood above $32.4 million. Similarly, 2008, $36 million was not used, 2012, a staggering $90 million was not used" (Hansard 2016)

This evidenced the amount of revenue that the government could not utilise because they were recorded late. The figures quoted are significant amounts, so the government chooses to change its financial year so these figures could be utilised. Mr Sayed-Khaiyum also stated that:

"We initially talked to the World Bank and then they started doing some research for us. We also talked to PFTAC, which is the Pacific Financial Technical Assistance office that sat here of IMF and we worked in collaboration with them to come up with a date that is very suitable for Fiji, and indeed addresses these many, very practical issues". (Hansard 2016)

The government consulted the World Bank and Pacific Financial Technical Assistance of the International Monetary Fund, who helped the government choose a suitable financial year for the Fiji government.

The second reason to change the financial year is the "holiday mood" or the "go-slow" process. Mr Sayed-Khaiyum explained:

"It is the Christmas season, cocktails flourish, people go away on leave and many countries have that problem…people take their annual leave in that period of time. Now how can we expect when you deliver a budget and it is approved in November or say the first week of December, for all the civil servants to be very high and say, "Alright, let's start implementing and planning on the budget"," everyone is on holiday mode"… (Hansard 2016)

As a traditional trend, public employees usually go on leave in November and December and this is also when Christmas and New Year is celebrated. Therefore, the mood during this time is festive, relaxed and slow, which is another reason the government wanted to change the financial year.

The third reason is based on the notion of adaption. Mr Sayed-Khaiyum explained:

"…Our hurricane season starts in November, ends in April. You can have your budget that may be planned, you do your planning June, July, August, September, you have your capital workflow programmed, you may deliver the budget in November, you may approve it in November and you get a cyclone in January and everything gets out of whack". (Hansard 2016)

The issue of delivering a budget in November for the next financial year is that the cyclone season in Fiji is between the middle of November to the middle of April. Suppose a Cyclone hits the country in January, for example. In that case, all the planning for the whole year is affected because the budget has to be redone to accommodate funds for rehabilitating the cyclone-affected areas.

Government Members of Parliament who supported the move and spoke during the debate on the Bill included Mr Alvick Maharaj and Dr Mahendra Reddy. Mr Maharaj endorsed the move and stated:

"…we were aware that for a business, the most busiest time of the year is from November to January. This is the time of the year, Madam Speaker, that businesses should be given the freedom to trade and not dealing with taxation issues and its accuracy…A business owner would not want their staff to be busy changing their prices and implementing policies during the month of December and January"…" (Hansard 2016)

Mr Maharaj supported the change of the financial year, reasoning that August is not a busy time for businesses, and they would be able to implement better prices and policies proposed in the budget. He explained that businesses should be free to trade during their busy time as it is the festive season and not worry about taxation issues or the budget.

As in any change, there is always resistance. The resistance on this issue came mainly from opposition Members of Parliament. These included Professor Biman Chand Prasad and Mr. Viliame Gavoka. Professor Chand made the following arguments:

"This change, Madam Speaker, as I have said on Monday is unacceptable for two good reasons. One, I think, is the way in which this change is being introduced…Change must be done, at least, in a democratic process, in a way that a large number of people have input…This should have been referred to a Standing Committee where that Committee would have had the opportunity, Madam Speaker, to hear not only from the public at large but also from the civil servants". (Hansard 2016)

Professor Chand argued that change was inevitable but should be done in a democratic process. He suggested that the change should only be done after consultation with the public, including businesses, stakeholders and civil servants, because they would be the people who implement budgets after they are enacted Professor Chand's view was also shared by another Opposition Member of Parliament, Mr. Viliame Gavoka, who stated:

"You do not have to change the way you do things, just because of some cash flow issues because that can all be planned in the way you do your books, Madam Speaker…I would say, you need about a year to discuss it properly, put it in place before you introduce it" (Hansard 2016)

Mr Gavoka explained that the change in the financial year was a huge call and that these changes needed to go through the proper consultations and dialogue. He further explained that the reasoning provided by Mr Sayed-Khaiyum for the change of financial year were all planning issues that could be resolved in the way the government does its books. Professor Chand also stated that there might be a political motivation behind the change in the financial year:

"I think there is a political motivation because when you change the financial year from 1st January to 31st December to 1st August to 31st July, and the next general election is in 2018, Madam Speaker, and it will probably be held after the budget under the new calendar in June. So, government will have an opportunity to put out a budget and say; "This is the budget for the next person". That could be one political motivation". (Hansard 2016)

Professor Chand noted that in an election year, the sitting government would pass a budget which would have to be implemented by the new government if the sitting government loses the election. Dornan and Goundar (2017) explain that the budget before an election could be an "election-budget" that would mean a bonanza for people as it would consist of big spending promises to win votes in the coming elections. Professor Chand also said the following on the reasoning of adaption for rehabilitation after cyclones:

"Let us say, Madam Speaker, that we have a budget that is passed in November, starts from 1st January, and if we had natural disasters within that period, it would be better for the government because you can adjust the budget in January, February or March. You would have the same thing" (Hansard 2016)

Professor Chand explains that having the budget in January means they have enough cash flow and other resources to adjust the budget for adaption and rehabilitation from cyclones if the cyclone hits before April, as the budget has just been passed. However, the government would not have enough cash flow and resources if the financial year begins in August, as it would be four months of budget implementation until the cyclone season starts in Fiji, which is November. Mr. Chand's second argument was based on the late collection of taxes:

"…In any case, the bulk of the tax revenue that the Honourable Minister was pointing out that we received now on 31st December, we could be receiving on 31st July. So, we would have the same problem". (Hansard 2016)

In the above comment, Mr. Chand argues that the problem of accrued revenue or late collection of taxes will still be a problem with the new financial year as companies would still have the same issue that is taxes would need to be paid by 31 July, which may clear on the 1 August. Therefore, the problem still exists either way.

Expert opinions were also sought from key Accounting figures in Fiji. Mr Visvanath Das, who was the Acting Chief Executive Officer (CEO) of Fiji Revenue of Customs Authority (FRCA) stated that,

"With this, the corporate taxes, which is aligned to the 6 months and 12 months of the financial year, so with this the money coming into Government coffers is better aligned" (Cava 2016)

From the revenue collection perspective, the CEO of FRCA agreed and welcomed the change of financial year of the government. Corporate taxes can be aligned for six months and 12 months, which will better align with the government coffers. Mr Nouzab Fareed, who was the President of the Fiji Institute of Accountants, made the following comments:

"Normally a company or any other entity change the financial year normally for positive reasons. In this case, the points highlighted by the Minister for Finance are all true but it is a surprise for me but it is no harm. As long as the 12 months is followed and is the proper financial year, then I 'don't see any issue…So I think ' 'it's a good thing and we as accountants we are not affected out of this" (Cava 2016)

Mr Fareed expressed his surprise regarding the financial year change. Still, he mentioned that there was no harm as long as the 12 months financial period was followed. Ms Jenny Seeto, who is a Senior Partner with accounting firm PricewaterhouseCoopers, stated the following:

"The move to change the ' 'government's financial year to 31 July is good and pragmatic. It takes the pressure off during the traditional busy festive season. This will help administratively as well and the reasons given by the Attorney-General and Minister of Finance are valid reasons…From a consolidation perspective I wonder if this change will also apply to government owned companies and statutory bodies who will also need to align their financial year end. This would make sense from an accounting perspective especially in terms of consolidation of financial results and presenting an overall perspective of the status of g' 'government's financial position" (Cava 2016)

The Senior Partner described the financial year change as reasonable, pragmatic and a decision that would take pressure off during the traditionally busy festive season. She explained that the change would also help the government administratively. She pondered whether government-owned entities would realign their financial year to that of the government and that this would be sensible. Six interviews were conducted to study the implications of the change on a government entity's reporting. These interviewees held senior management positions in a government entity. An interviewee from the government entity stated the following:

“Cash basis of accounting is practised throughout Government Ministries whereby revenues and expenses are recognised when actual cash is received and paid, respectively…Accrued revenue would be treated as an asset on the balance sheet rather than a liability” (Interview 6 2016)

The Interviewee explains that the government practices cash accounting, where government grant revenue is recognised when actual cash is received. However, the government entity could resolve the issue if it recognised revenue accrued as assets. In this case, they could account for that when the budget is being prepared, as that is an amount the government entity will eventually receive in cash.

Interviewee 4 discussed the following:

“Government has lack of funds to remain in the prior financial period as revenue collection is majorly conducted in the 1st and 2nd quarter…Tertiary Education Loan Scheme (TELS) revenue collection is also affected by Governments decision. The receipt of payment by TELS from Government changes due to the fact that government will pay according to their financial calendar” (Interview 4 2016).

The interviewee highlighted the perceived lack of funds available for the government as one of the reasons for the change of financial year and that the grant payment to TELS (another government entity that has to pay for the services rendered by the government entity being studied) will be affected because the government will make payments according to their financial calendar. This could eventually affect all recipients of government grants.
A senior finance staff of the government entity made the following comment:

“There is no direct correlation between Governments change in financial year and its effect on our operations. Considering that the caption of funding received from government is around 30% to 40% and a greater portion of revenue represents tuition fees, the university will have difficulties in areas specific to reporting and resource allocation. The university will have to provide pro-rata reporting to government on grants utilized” (Interview 1 2016)

The interviewee reveals that no significant change is required in the government entity's operations when the government's financial year changes. Another interviewee from the Finance Division of the government entity made the following statement,

“If our financial year changed, audit would have to be conducted to assess its financial performance that would have, unbudgeted additional costs midway through the year” (Interview 2 2016).

The interviewee explains that the government entity's financial year changed, it will have unbudgeted additional costs. A senior administrator of the government entity supported the idea of not changing its financial year by stating that:

“The government entity operates on a calendar year cycle upon which all expenditure planning, resourcing and staffing are based on. Considering two thirds of income comes from other sources, it seems practical to align the entity's financial year with the expenditure planning and the bulk of the entity revenue” (Interview 2 2016).

The interviewee states that the entity did not necessarily need to change its financial year as the government does not fund two-thirds of its income. Interviewee 3 only commented on the reasons for the change of financial year and not the implications as in the following statement:

“Government's decision to change its financial year could be due to exhaustion of most of its funds at the end of the calendar year during which, major priorities fall due” (Interview 3, 2016).

The above respondent explained that the main reason for changing the financial year is that the government has used up its funds by December when most of its dues also fall. Therefore, this realignment is to address that issue.

Moreover, as indicated by the contrasting views, the government entity did not change its financial year to align with that of the government. The shortfall of this decision could be counter-measured by strengthening procedures, strict deadlines for acquittal and budget submission, and management support on the government 'entity's operations.

DISCUSSION

Four themes were generated using the thematic analysis of Hansard Reports, Expert opinions (News Articles) and Interviews of senior management of a government entity. Firstly, the necessity for change of the financial year, and secondly, the resistance to change. Thirdly, support of the change from experts and the coping mechanism for the government entity.

The first theme documents the necessity for changing the government's financial year. The government states three main reasons as the necessity for change. One of the reasons for the financial year change provided by the Fijian government was the holiday mood that prevailed in the country due to Christmas and New Year. This is similar reasoning provided by Wang (2006) for companies' change of financial years. Tripathi (2013) provided reasons for the financial year change of companies to align the financial year to that of subsidiaries. The second reason for the change was the alignment of the financial year with the main trading partners. Khaiyum stated that the change was to bridge the financial year of major trading partners such as Australia and New Zealand, who have a financial year of 1 July to 30 June. While this justification is valid, the financial year of Fiji, Australia and New Zealand are not precisely aligned, as there is a month's difference. While the justifications are logical, they are very shallow. Fiji has been trading with Australia and New Zealand for ages but never had any issues with financial years.

Similarly, the civil service has been operating since Fiji was declared independent, and there were no previous scenarios where the slow period impacted finances and trade. Late payment of taxes will still be an issue when the financial year changes. For these justifications to be valid, evidence should have been provided of how the "slow period", late tax receipts and the difference in financial years between main trading parties impacted finances and trade in Fiji. Regardless of this critical view, this corresponds to process “a” of the MAC framework, which indicates that the existing routines of the government suggest that a change in the financial year will benefit Fiji. The change will encode the prevailing institutional principle that the calendar year was the best possible financial year.

The second theme documents the resistance towards change. Resistance was seen majorly from some Parliamentary members, especially the opposition party, who were against the change of the financial year. They were persistent when stating that the problems of late taxes and cyclone allocations would still hinder the expenditure budget of the country. The government had no clear guideline on choosing this particular financial year period over others; 1 August – 31 July, only that it is closely aligned to its major trading partners, Australia and New Zealand. Resistance from the government entity was in the form of views such as lack of funds and wrong analysis that the entity will need to change its core operations due to the change (Interview 3; 4). These correspond to process “b” of the MAC framework, which involves enacting the rules and routines that encode the institutional principles. The Fiji government used the Financial Management Amendment Bill 2016 to pass the new financial year. This is the stage where resistance to change occurs, especially when the new rules and routines challenge existing meanings and values.

Additionally, some critical issues raised in the second theme of resistance can be discussed. Public consultations are vital for changes of such magnitude. Fiji's decision to change the financial year can be compared with India’s take on changing its financial year as it is the only government that has recently proposed such a change. The major highlight is that India’s government set up a special Committee to prepare a report on the consequences of change and propose the most appropriate dates to suit India’s economic structure and capture the views and opinions of the public on the subject matter (Jha 1985). However, this was not the case for Fiji. The justifications by the government were not evidence-based.

The third theme documents the support for the change from industry experts. The general view of the experts was that there were no issues with the change in the government's financial year. The experts looked at this change from a business perspective. However, this change was of public interest as governments operate on taxes paid by businesses and citizens. The most critical aspect was that the experts failed to question the reasons for the change. On the implication of the financial year change on a government 'entity's reporting, the government 'entity's decision to not change its financial year was well received by the stakeholders. The only impact areas were the timeline for budget submission and reporting requirements on Government grants. The government 'entity's decision corresponds to process “c” of the MAC framework, where the reproduction of required behaviour from enacting the new financial year results in a “conscious change”.

The final theme of the analysis was coping with the change in the financial year. A conscious change occurs when actors, in this case, the government entity, can assemble the resources and rationales to question the existing rules and routines. In the case of the government entity, their existing rules and routines remained the same (financial year). Still, the only thing that changed was their timeline of budget submissions and reporting on government grants. This could be the justification used by several private and public companies, as evidenced by Richards and Shutters (1998), who state that the biggest hassle in financial year change for companies is reconfiguring the information system. Tripathi (2013) also noted that when financial years differ between companies and the government, it will incur additional costs for the companies as they must perform an external audit and tax review separately. This was one of the implications stated by Interview 1 (2016) on the implication of the government 'entity's reporting and its decision not to align its financial year with that of the government.

The new routine that was followed by the government entity was that while it would make budget submissions and reporting according to the new financial year, their financial reporting otherwise would be the calendar year. As stated earlier, this was the conscious change made by the government entity regarding enacting the new financial year. Process “d” of the MAC framework institutionalises rules and routines reproduced through the behaviour of individual actors, which means that the institutionalised principles for both the government entity and the Fiji government are that while reporting and budget submissions to the government have to be according to the new financial year, any other reporting may be based on the choice of the government entities. This new institutional principle will lead to different rules and routines within government entities and other businesses to adapt to the change. This is how the essence of the MAC framework is portrayed in the notion of “change as a process”.

It is vital for this study to further dwell on some of the issues raised especially in resistance for the change of financial year. The current government's term will end in September 2018 (Fijian Elections Office 2014). Keeping in mind that mid-July would announce the budget, the next government would then have to implement the budget approved by the current government. While this was not an issue in 2018, as the same government was re-elected (Fijian Elections Office 2018). However, this became the case in the 2022 elections as a new coalition party formed the government (Fijian Elections Office 2023). The new coalition government were restricted to the budget announced by the former government until end of July 2023 when they delivered their first budget despite being in power for seven months. Another critical element to emphasise is that the hype of budget discussions would circulate media coverage just before the elections, which would be influential in securing majority votes for the ruling government. According to Interview 5 (2016), the 2018/2019 budget announcement will act as the 'campaign 'budget' for the ruling government, as identified by Dornan and Goundar (2017). This was the same case in 2022. However, the ruling government failed to win the required seats and a new coalition government was formed.

The literature has highlighted an essential reasons for changing the financial year for businesses. One such is missing months (Du & Zhang 2013). When the financial year of Fiji changed, it left July as the missing month as the second reporting quarter of a calendar year ends in June, while the new financial year started in August. The financial behaviour of the government should be scrutinised to avoid issues such as hiding losses in missing months (McVay 2006) and showing higher earnings in visible months (Chen et al. 2016). The literature also suggests reduced audit fees during the non-busy audit period. While this was not a justification provided by the government, it would have been an evidence and literature-based rationale for the change. Businesses that will change their financial year to match the government would also benefit highly, as also suggested by a local expert (Cava 2016). As indicated by literature, changing the financial year to a non-calendar year will also avoid audit delays (Johnson et al. 2002). On the contrary, businesses, primarily government entities, who kept the calendar year as their financial year and had a separate audit for reporting purposes to the government would incur additional costs and resources, as (Tripathi 2013).

CONCLUSION

Deciding on a year-end date strategically could have both operational and tax implications. This research has broadly discussed the justifications, resistance and implications of such a change. With the new financial year in place, government ministries hope to achieve a higher degree of planning and preparation to enhance and boost operations, empowering civil servants to produce quality results. The government's decision to change the financial year-end was justified by receiving late taxes, the impending festive season after the budget announcement and natural disaster relief allocation. The justifications for the late receipt of taxes, busy time and disaster relief allocation were shallow without any evidence as suggested by some opposition members indicating that these issues would persist, whichever financial period is chosen. The change has predicted a potential increase in the efficiency of services and performance of the Government sector.

In summary, governments may change financial years if their benefits outweigh their costs. While consultations with stakeholders and the general public are necessary, they may be bypassed by governments as they have the authority to enact laws, in which case any resistance of any magnitude may not be able to halt such a change. As indicated by literature, businesses change financial years mostly when they have a financial advantage (Li et al. 2023; Pacheco Paredes & Wheatley 2020; Blasch & Weichenrieder 2006) and also no-financial advantage (Wang 2006; Richards & Shutters 1998; Tripathi 2013). The justifications provided by the government included both advantages. However, they were shallow and not evidence-based.

Limitations for this study include that only Hansard's reports were relied on for justifications and resistance. Another limitation is that this study used only one government entity to understand the implications of the change. Future research on the change in financial years could explore how things like a slow workforce and the difference in financial years with main trading partners impact the finances and trade of a country or a business. Specific to Fiji, research should now focus on how the financial year change has impacted the country's finances and trade.

This can be done when comparing financials, tax collection and budget preparedness before and after the change. The theoretical contribution of this study indicates that governments operate like businesses in the management accounting change process. However, they can block out resistance because it has the power to do so. Future studies can also focus on the 'government's financial behaviour during the missing month of July and whether budget from its last term in power was used as a campaign budget. Policy implications are that government entities can change their financial year to align with that of the government as the move to the August – July period will significantly reduce the auditing costs of these government entities rather than making two sets of financial reports that are costly and require resource allocation

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