

## Synthesis of Revenue Planning, Managerial Cost Accounting, and Performance Accountability in Public Sector Budgeting: A Systematic Literature Review

Astrid Fazria<sup>1)</sup>, Fatin Delima Br Depari<sup>2)</sup>, Novita Aulia Putri<sup>3)</sup>, Ratu Nazwa Harahap<sup>4)</sup>, Galih Supraja<sup>5)</sup>  
<sup>1,2,3,4,5)</sup> Accounting Study Program, Faculty of Social and Science, University of Pembangunan Panca Budi

\*Corresponding Author

Email : [galih@dosen.pancabudi.ac.id](mailto:galih@dosen.pancabudi.ac.id)

### Abstract

*This study aims to critically synthesis and map the theoretical interdependencies between three often-fragmented domains within public budgetary management: revenue planning, managerial cost accounting, and performance accountability. The fragmentation of these elements significantly impedes fiscal efficiency and credibility. The research employed a Systematic Literature Review (SLR) approach, meticulously gathering and analyzing 23 international scholarly articles from reputable databases (Scopus, WoS, Google Scholar) over the last decade. Analysis used narrative and thematic synthesis to identify causal pathways. The synthesis reveals the Accountability Cycle Dependence model, establishing revenue planning accuracy as a fundamental precondition. Crucially, revenue imprecision (optimistic bias) precipitates a Failure Chain that directly devalues managerial cost accounting data and undermines results-based performance accountability (PBB). Managerial cost accounting tools are effective only when supported by adequate institutional managerial potential. Key moderating factors for successful accountability include the quality of performance information and the capacity of implementing Human Resources. The study offers a theoretical contribution by integrating the three pillars into a holistic framework, enriching New Public Management (NPM) theory by positioning the quality of fiscal input (revenue accuracy) as the primary determinant for outcome-focused reform success. Policy implications urge prioritizing investment in advanced revenue forecasting and the institutionalization of accrual-based cost accounting.*

**Keywords:** Revenue Planning; Managerial Cost Accounting; Performance Accountability; Public Sector Budgeting; Systematic Literature Review.

## INTRODUCTION

The fundamental importance of planning and budgeting constitutes the cornerstone of sound public financial administration. In the public sphere, the budget transcends its role merely as a mechanism for resource allocation; it functions critically as an operational blueprint and a primary instrument for executing fiscal policy and governance priorities (Zaozao, García & Anchundia). The management ideology has shifted considerably, moving away from the private sector's focus on profit planning toward a mandate centered on revenue planning and rigorous performance accountability to maximize public value and ensure optimal efficiency (value for money) in service delivery.

Contemporary demands for public financial management reform, often necessitated by fiscal decentralization and increasing public scrutiny, compel governments to assimilate sophisticated managerial principles traditionally associated with the corporate environment (Arslan). Consequently, public entities are now expected to exhibit adequate managerial potential—a capacity essential for the efficient deployment and stewardship of public funds (Goloşie & Bogluţ). A key component enabling this modern fiscal discipline is the application of managerial accounting practices, specifically cost accounting and detailed revenue budgeting, which are increasingly vital for quasi-public service institutions such as healthcare providers or regional enterprises (Ahmad & Khan).

Despite this progressive assimilation, the integration of these sophisticated managerial concepts into the rigid structure of governmental budgeting systems faces significant systemic challenges. A persistent and critical issue identified in the literature, particularly concerning sub-national governments, is the pronounced imprecision in budgetary revenue estimation (*imprecisão das receitas orçamentárias*). This inaccuracy inevitably leads to serious financial distortions, undermining effective resource allocation and hindering the successful realization of planned programs (Cabello & de Azevedo). Moreover, the efficacy of robust budget planning, which includes strategically implemented fiscal stimulus mechanisms—designed to drive specific sectors like the national economy's transport complex (Kocova et al.)—must be rigorously tested and evaluated to ascertain whether predetermined performance objectives are genuinely achieved. The correlation between meticulous budget planning, systematic budget evaluation, and the resulting performance accountability is empirically recognized as significant (Ramdani et al.).

Given the fragmented nature of the existing scholarship—which treats revenue accuracy, cost management, and performance outcomes often in isolation—a unified perspective is urgently required. This gap highlights the need for a systematic synthesis that clarifies the intricate relationship between revenue planning, the application of managerial accounting tools, and their combined influence on performance accountability in the contemporary public sector context.

Therefore, this Systematic Literature Review is fundamentally guided by three core questions: How is the concept of profit planning (private sector) effectively translated and implemented into robust revenue planning within the public sector, and what systemic challenges emerge concerning the accuracy of budgetary revenue estimation? Furthermore, how are managerial cost accounting principles and the diagnosis of managerial potential utilized as practical tools to enhance operational efficiency and successfully support the restructuring of public financial management? Finally, how is the relationship between comprehensive budget planning, systematic evaluation, and public sector performance accountability conceptualized, measured, and evidenced within the broader framework of fiscal budget theory and contemporary public management?

In addressing these questions, the primary objective of this review is threefold: to identify and synthesize the conceptual frameworks utilized in international literature related to public sector revenue planning and the challenges associated with budgetary revenue imprecision; to systematically map the application, strategic role, and resultant impact of managerial cost accounting in diagnosing and enhancing managerial efficiency, thereby supporting comprehensive public financial management reforms; and ultimately, to analyze and present the key theoretical relationships and empirical findings concerning the influence of budget planning and evaluation on performance accountability across diverse public sector entities.

The successful execution of this research is anticipated to yield substantial benefits. Theoretically, it will provide a crucial synthesis that integrates three historically separate domains—revenue forecasting, managerial accounting, and performance accountability—into a unified, coherent framework, thus meaningfully enriching the existing body of public sector financial management theory. Practically, this review offers evidence-based, actionable guidance for policymakers and senior public managers regarding the optimal institutional mechanisms necessary for improving revenue estimation accuracy, judiciously applying cost accounting tools

for efficiency gains, and ultimately strengthening institutional performance accountability through effective budgetary processes.

## RESEARCH METHODS

### 1. Research Design

This study employs a Systematic Literature Review (SLR) approach. The SLR methodology was selected because the primary research objective is to comprehensively synthesise, analyse, and map the conceptual frameworks, empirical findings, and theoretical relationships extracted from existing scholarly literature concerning public sector revenue planning, managerial accounting, and performance accountability. This design ensures that the conclusions drawn are predicated upon a literature review that is structured, transparent, and replicable.

### 2. Data Sources

The data utilised in this research constitute secondary data, sourced exclusively from international academic articles published in reputable, peer-reviewed journals. The principal databases leveraged for the systematic search included Scopus, Web of Science (WoS), Google Scholar, and DOAJ (Directory of Open Access Journals).

### 3. Inclusion and Exclusion Criteria

To maintain the rigour and focus of the review, stringent selection criteria were applied to the articles identified:

Criterion	Inclusion (Included)	Exclusion (Excluded)
<b>Topic</b>	Must discuss at least one of the three core themes: public revenue planning, managerial cost accounting/public financial management, or budgetary accountability/performance.	Studies focusing exclusively on private sector financial accounting or topics outside of public sector management.
<b>Publication Type</b>	Peer-reviewed journal articles and book chapters from academic publishers.	Conference proceedings and news reports.
<b>Language</b>	English and Indonesian (for contextually relevant literature).	Languages other than those specified.
<b>Publication Year</b>	Publications within the last 10 years (2015–2025) to ensure contemporary relevance, excluding seminal or foundational works that are critically relevant.	Publications falling outside the 2015–2025 range (unless qualifying as seminal work).

#### 4. Data Collection and Analysis Procedures

The data collection and analytical process was executed via four critical sequential stages:

##### a. Identification

**Keyword Definition:** The search was conducted using targeted combinations of core keywords in English: (“*revenue planning*” or “*revenue forecasting*”) and (“*public sector*” or “*government*”); “*managerial accounting*” and (“*public sector*” or “*cost accounting*”); and “*performance budgeting*” and “*accountability*”.

**Initial Retrieval:** The initial set of articles and subsequent related literature were retrieved from the specified databases, yielding a total corpus of 23 selected articles.

##### b. Screening

The retrieved articles were subjected to screening based on their title and abstract to ensure strict adherence to the defined inclusion and exclusion criteria. Any duplicate articles across the various databases were systematically eliminated.

##### c. Eligibility

The full text of the remaining 23 articles was downloaded and read in depth. Particular analytical emphasis was placed on the Methodology, Results, and Discussion sections to verify the relevance of their findings to the established Problem Formulation.

##### d. Analysis and Synthesis

**Thematic Analysis:** The qualitative data extracted from the eligible articles were meticulously classified into the three overarching themes (Revenue Planning, Managerial Accounting, and Performance Accountability) as presented in the Literature Review.

**Narrative Synthesis:** A rigorous narrative synthesis was conducted to integrate disparate findings and identify underlying connections, theoretical gaps, or empirical contradictions across the literature (e.g., how revenue imprecision impacts reported performance accountability). The outcome of this synthesis was then directly employed to address the research's Problem Formulation.

## RESULTS AND DISCUSSION

This section presents the thematic synthesis derived from the critical analysis of the 23 relevant international scholarly articles. The discussion is executed profoundly to identify patterns, causal mechanisms, and theoretical dissonances within the contemporary literature concerning public sector budgetary management, thereby establishing the empirical foundation for the holistic framework proposed by this research.

### 1. Translating Profit Planning into Public Revenue Planning Accuracy

The review definitively underscores that the conceptual and practical transition from the deterministic logic of profit planning (private sector) to the probabilistic nature of revenue planning (public sector) constitutes a critical epistemological and managerial challenge. While profit planning assumes a high degree of control over internal variables, public revenue planning is constantly exposed to the volatility of macroeconomic factors, regulatory shifts, and political cycles (Zaozao, 2025).

#### a. Determinants and Exacerbation of Revenue Imprecision

The synthesis confirms that imprecision in revenue estimation is not merely a statistical variation but often results from systematic, institutionalised *bias*. Cabello and de Azevedo (2023) explicitly detail how an *optimistic bias* in revenue forecasting at local government levels

exacerbates long-term fiscal instability, leading to unrealistic expenditure projections. This phenomenon, according to Fuest et al. (2021), can stem from political moral hazard, where decision-makers deliberately inflate expected receipts to justify increased public spending, particularly ahead of electoral cycles. The primary impact is the creation of a *fiscal gap* that distorts resource allocation. Crucially, this distortion threatens the financing of capital projects and sensitive infrastructure investments, ultimately hindering the achievement of regional development goals (Pietrzak & Zygmunt, 2021). Such instability runs fundamentally counter to the objective of deploying fiscal stimulus mechanisms as instruments for driving growth in strategic sectors (Kocova et al., 2023).

#### **b. Methodological Imperatives and Risk Management Integration**

The literature calls for a paradigm shift from simplistic, regressive forecasting methods to **more multivariate and contextually specific** approaches (e.g., *city-centric* models). Golebiewski et al. (2025) emphasise that revenue forecasting necessitates models capable of isolating and weighting the influence of specific local economic drivers, rather than mere extrapolation of historical trends. More profoundly, Naim et al. (2025) reveal a critical implementation gap: governments consistently fail to holistically integrate revenue risk management—including *forecasting variance* and *tax base volatility*—into their strategic planning and budgetary decision-making processes. This failure suggests that revenue planning is frequently treated as a clerical accounting task rather than a strategic *risk management* function. Therefore, revenue accuracy must be elevated to a fundamental managerial prerequisite, without which the subsequent cycle of budgeting and accountability remains inherently fragile.

### **2. The Role of Managerial Cost Accounting in Enhancing Public Potential and Efficiency**

The second discussion synthesises how the adoption of managerial cost accounting tools and the evaluation of managerial potential act as critical enablers for translating static budgets into dynamic, efficient resource stewardship, aligning the objectives of NPM with fiscal rigour.

#### **a. Synchronising Managerial Accounting and Institutional Potential**

Modern public financial management reform (Arslan, 2024) requires more than regulatory change; it demands enhanced internal capacity and managerial potential (Goloşie & Bogluţ, 2024). This potential encompasses the *know-how* and necessary infrastructure to deploy sophisticated tools like cost accounting. This tool, historically anchored in the private sector, is now key to determining the *full cost recovery* and efficiency of public services (Sari & Widyowati, 2025).

In revenue-generating public entities (such as hospitals or municipal corporations), Managerial Cost Accounting serves as the functional equivalent of *profit planning*. Ahmad and Khan (2024) demonstrate that cost accounting enables these entities not only to control and mitigate operational expenditure but also to establish rational and equitable pricing for services, which is central to allocative efficiency. The synthesis confirms that Management Accounting Practices (MAPs) as a whole—ranging from budgetary control to cost determination—positively contribute to operational efficiency and the effectiveness of internal resource management.

#### **b. Accounting as a Prerequisite for Accountability and Transparency**

Beyond merely being a management tool, public sector accounting, particularly the shift towards accrual standards (IPSAS), serves as the foundational bedrock for institutional accountability. Haliah et al. (2024) and Kaban et al. (2023) highlight that the objective of high-quality public accounting is to deliver relevant, timely, and transparent information, which is a

non-negotiable prerequisite for *good governance*. This enhanced transparency allows external stakeholders, including oversight bodies and the public, to independently verify whether resources are managed economically and efficiently (R20). Thus, managerial accounting assumes a dual role: supporting internal management through cost control while simultaneously reinforcing external accountability through informative reporting.

### **3. The Critical Linkage between Performance-Based Budgeting and Accountability Outcomes**

The final discussion critically synthesises the empirical evidence linking the budgetary processes (planning and evaluation) with the achievement of performance accountability, focusing on the mediating and moderating factors that determine reform success.

#### **a. Direct Causal Relationship and PBB Design**

The literature consistently demonstrates that the quality of budget planning and the depth of budget evaluation exert a significant causal influence on performance accountability (Ramdani et al., 2023). Performance-Based Budgeting (PBB) systems are explicitly designed to formalise this causal relationship, fundamentally transforming the budget from a simple input control instrument into an effective results-driven public management tool (García & Anchundia, 2025). PBB necessitates the clear definition of a *logic model*, linking resource *inputs* to measured *outputs* and desired *strategic outcomes*, which is the very essence of accountability (Marpaung et al., 2023; Simbolon et al., 2025).

#### **b. The VfM Paradigm and Implementation Complexity**

The ultimate objective of PBB is the achievement of Value for Money (VfM), which demands economy, efficiency, and effectiveness in the deployment of public funds. The synthesis reveals that PBB/VfM success is not automatic but is moderated by oversight mechanisms. Tampi et al. (2020) and Harahap et al. (2021) found that horizontal accountability (internal control) and vertical accountability (public/legislative oversight) are key reinforcing factors in boosting VfM budget performance.

However, the review also exposes significant implementation gaps that attenuate PBB effectiveness, irrespective of its formal design:

- 1) **Quality vs. Quantity of Information:** Hidayat and Laksito (2025) assert that PBB reforms frequently falter due to an obsession with the quantity of indicators. A crucial shift is needed toward enhancing the quality of performance information that is truly relevant, requiring cultural change and adequate analytical expertise.
- 2) **Internal Capacity as a Mediator:** Credible performance accountability is heavily reliant on the competency of Human Resources (HR) and the operational managerial capacity at the executive level. Setyawan et al. (2023) demonstrate that without sufficient *human capital*, PBB risks degrading into a mere *tick-box compliance exercise* with minimal impact on actual performance outcomes.

### **4. Critical Synthesis and Theoretical Contribution**

This Systematic Literature Review yields a substantial theoretical contribution by integrating the three often-fragmented domains into a cohesive framework that elucidates the mechanism of failure and success in public budgetary management:

- a. The Failure Chain Mechanism:** The synthesis identifies a pathological path: Revenue Imprecision (Pillar 1) creates budgetary volatility and systemic shock, which directly devalues Managerial Cost Accounting (Pillar 2). In an environment of unstable revenue, the cost data generated by managerial accounting loses its relevance for control and decision-

making. This chain failure ultimately nullifies Performance Accountability (Pillar 3), as established performance targets cannot be credibly reconciled amidst financial instability.

- b. The Prerequisite for Credibility:** The study's core contribution is the establishment of Realistic Revenue Planning as a crucial *antecedent* to the success of Managerial Cost Accounting, with both collectively serving as the ultimate determinants of Public Sector Performance Accountability. This enriches the New Public Management theory, which often focuses solely on *input-output linkage* without adequately addressing the quality of the initial fiscal inputs themselves.

### 5. Managerial and Policy Implications

The principal implications for public managers and policymakers are:

- a) Prioritisation of Forecasting Sophistication (Pillar 1):** Policy must mandate advanced forecasting models (econometric or contextual models) and integrate structural *risk management* discipline into the budgetary planning cycle.
- b) Institutionalisation of Cost Accounting (Pillar 2):** There must be a clear policy mandate for the full implementation of accrual-based cost accounting across all revenue-generating units (BUD/BLU), not just for compliance, but to drive managerial decisions on pricing and efficiency.
- c) Investment in Performance Capability (Pillar 3):** PBB success must be measured by the quality of HR and their analytical capability, rather than merely reporting compliance. Policy should focus on in-depth training concerning performance measurement and VfM

## CONCLUSION

This study successfully bridges the theoretical and managerial gap by synthesizing the causal relationships between revenue planning, managerial cost accounting, and performance accountability in the context of public sector budgeting, culminating in the Accountability Cycle Dependency Model. The synthesis demonstrates that revenue planning accuracy is a fundamental prerequisite for determining the credibility of the entire budget cycle; revenue estimation inaccuracy (optimistic bias) creates a Chain of Failure Path that systematically devalues the relevance of managerial cost accounting data and ultimately thwarts the achievement of results-based performance accountability (PBB). The successful implementation of managerial cost accounting (for efficiency and cost control) and performance accountability (for outcomes) is entirely conditional on stable fiscal inputs and adequate managerial competencies. Theoretically, this study enriches the New Public Management (NPM) framework by asserting that the quality of fiscal inputs (revenue accuracy) is a key determinant of the success of outcome-focused reforms. Therefore, policy implications urge the government to shift from a focus on compliance to managerial capability, prioritizing investment in sophisticated revenue forecasting methodologies and institutionalizing accrual cost accounting.

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