

Impact Assessment of International Public Accounting Standards (IPSASS) On Public Administration in Africa

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Abstract: Formal adoption of the International Public Accounting Standards (IPSASs) by the African Union in year 2013 was strategic, after numerous successive seemingly ineffective public financial management reforms. These public financial management reforms made short term impact on effective public administration in the public sector. This study seeks to assess the impact of IPSASs on public administration in Africa. The methodology adopted for this study was mixed research methodology, through questionnaires and interviews to PAFA public accountants in practice throughout Africa. The study findings revealed that public financial management is the core of the public administration system, with IPSASs playing a very impactful pivotal role. IPSASs in the context of public financial management have proved to be a pivotal with measurable matrices for transparency and accountability which are useful for public administration decision making.

Keywords: IPSASs, Public Administration, Government accounting, IPSAS challenges, PAFA, IPSASs financial reporting

1. INTRODUCTION

The formal adoption of the International Public Accounting Standards (IPSASs) by the African Union in year 2013 was strategic, after numerous successive seemingly ineffective public financial management reforms. These public financial management reforms made short term impact on effective public administration in the public sector. This study seeks to assess the impact of IPSASs on public administration in Africa.

II. LITERATURE REVIEW

High quality public sector financial standards IPSASs developed by the International Public Sector Accounting Board (IPSASB) whose primary objective is maximum disclosure through transparency and comparability has made fundamental reforms than enhance public financial management from an accounting perspective (AU, 2019). Despite the promising results of IPSASs through its uneven implementation in several Africa countries (AU, 2019) major challenges still remain plaguing the African countries through poor management of financial resources.

Adoption of accrual based IPSASs by African Union (AU) in 2013 and the adoption of the IPSASs implementation roadmap in 2014 detailing milestones from political decision, governance, review of policy documents, training, complete

adoption and auditing numerous administration and technical challenges still remain (AU, 2013). Among the major challenges facing IPSASs implementation in Africa are lack of cooperation, political interference, inaccurate information on Government finances resulting in poor financial management of public resources which in numerous cases has caused financial chaos and civil unrest (AU, 2019).

The adoption of accrual over cash IPSAS is a subject of continuing debate among governments in many jurisdictions including the United Kingdom, Australia and New Zealand in their relentless efforts to effectively meet the objectives of managing and protecting public finances and accountability through government accounting and financial reporting (Rayegan et al., 2012). International and multilateral lenders have been advocating for the adoption of accrual based IPSAS placing more value on financial integrity and development goals (Rayegan et al., 2012) thereby requiring governments to implement accounting reforms through policy public so as to achieve the ambitious socio-economic goals and poverty reduction. Government accounting mechanisms (Rayegan et al., 2012) are deeply embedded in the sovereign government constitution holding the governments politically and economically accountable, but the problem of ownership makes it technically challenging for the government to apply the accounting equation and its corollary to the public sector, with the exception of provincial and local governments.

The IPSASB Conceptual Framework is currently under development and is being developed in four phases of financial reporting general purpose financial statements from objectivity, definition and recognition, measurement bases and consideration of concepts for financial and non-financial information (IPSASB, 2013). The financial reporting qualitative characteristics (IPSASB, 2013) have also been identified and classified accordingly aligning with the objectivity of IPSASs general purpose financial reporting.

III. PURPOSE OF THE STUDY

This empirical study purpose is to assess the impact of IPSASs on public administration of entities in Africa

IV. RESEARCH OBJECTIVE

To assess the impact of IPSASs on public administration of Government entities in Africa based on accounting and auditing professionals in public sector practice.

V. RESEARCH QUESTION

What impact does IPSASs have on public administration of Government entities in Africa?

VI. METHODOLOGY

The study methodology adopted is mixed research methodology (Mazhambe, 2014), through researcher administered questionnaires and interviews. The case study research design (Mazhambe, 2014) is premised on the enquiry approach so as to extract deeper meaning and presumably perceived variable correlations on the study phenomena. Descriptive and inferential statics have been adopted for data analysis, including qualitative explanatory notes have been employed to extract deeper meaning of the study phenomena (Mazhambe, 2020). The study population was IFAC Accountants in public sector based in Africa, with the sampling frame of Pan African Federation Accountants (PAFA) public sector accountants, being selected randomly (Mazhambe, 2020).. The accountants jurisdictions adopted in this study were southern Africa, East Africa, Central Africa, West Africa and North Africa (Mazhambe, 2020).

VII. DATA ANALYSIS, PRESENTATION AND DISCUSSION

<i>Southern Africa</i>		<i>East Africa</i>		<i>Central Africa</i>	
Mean	0.2	Mean	0.2	Mean	0.2
Standard Error	0.060332413	Standard Error	0.064265076	Standard Error	0.065802736
Median	0.12	Median	0.16	Median	0.16
Mode	0.1	Mode	#N/A	Mode	#N/A
Standard Deviation	0.134907376	Standard Deviation	0.143701079	Standard Deviation	0.14713939
Sample Variance	0.0182	Sample Variance	0.02065	Sample Variance	0.02165
Kurtosis	0.8982007	Kurtosis	0.178801541	Kurtosis	0.777528282
Skewness	1.018199611	Skewness	1.021086524	Skewness	1.109692286
Range	0.3	Range	0.35	Range	0.37
Minimum	0.1	Minimum	0.07	Minimum	0.06
Maximum	0.4	Maximum	0.42	Maximum	0.43
Sum	1	Sum	1	Sum	1
Count	5	Count	5	Count	5

<i>West Africa</i>		<i>North Africa</i>	
Mean	0.2	Mean	0.2

Standard Error	0.062289646	Standard Error	0.064031242
Median	0.14	Median	0.15
Mode	#N/A	Mode	#N/A
Standard Deviation	0.139283883	Standard Deviation	0.143178211
Sample Variance	0.0194	Sample Variance	0.0205
Kurtosis	0.251434796	Kurtosis	0.789886972
Skewness	0.996444506	Skewness	0.868779148
Range	0.34	Range	0.34
Minimum	0.07	Minimum	0.07
Maximum	0.41	Maximum	0.41
Sum	1	Sum	1
Count	5	Count	5

ANOVA						
Summary						
Groups	Count	Sum	Average	Variance		
Southern Africa	5	1	0.2	0.0258		
West Africa	5	1	0.2	0.02065		
Central Africa	5	1	0.2	0.01875		
West Africa	5	1	0.2	0.0177		
North Africa	5	1	0.2	0.02275		
ANOVA						
Source	SS	df	MS	F	P-value	F crit
of Variation						
Between Groups	0	4	0	0	1	2.866081402
Within Groups	0.4226	20	0.02113			
Total	0.4226	24				

As evidenced from the above statistics whose data is statistically significant, extracted from the primary data premised on the research question on respondents from different jurisdictions of Southern Africa, East Africa, Central Africa, West Africa and North Africa, the data has internal and external validity, and free from bias. The mean, median values are relatively coherent, with acceptable insignificant standard errors. The ANOVA statistics is also in congruent, as evidenced from the critical values above. The data range depicted is clearly spread and is representative of the sample population. There is therefore a notable significant correlation and consistency for statistical significance to derive inferential conclusions.

The findings from the respondents as depicted above were statistically significant and the qualitative content analysis

also virtually concurred, that the International Public Sector Accounting Standards are pivotal and impactful in the public administration of entities. The majority of respondents further concurred that public financial management is the core of public entities administration; IPSASs contextualize the PFM objectivity in measurable matrices. The findings highlighted that IPSAS are highly impactful specifically on disclosure, transparency and comparability which are necessary for public trust in the administration of public entities.

VIII. CONCLUSIONS

Member states of the African Union adopted IPSASs as critical components of public financial management after numerous seemingly ineffective successive reforms. The study findings revealed that IPSASs although surrounded by implementation challenges have proved to be very impactful and pivotal to Africa public financial management reforms. The myriad of public administration challenges identified in the implementation of IPSASs are mainly political interference, lack of cooperation, inaccurate government finances, lack of training of public sector administrators, lack of coherent implementation roadmap and democratic structural failures of checks and balances. Despite IPSASs implementation challenges, IPSASs in the context of public financial management have proved to be a pivotal with measurable matrices for transparency and accountability which are useful for public administration decision making.

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