

# The Impact of International Public Sector Accounting Standards (IPSASs) on the Public Budget Statement

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**Abstract:** The IPSAS budget statement prescribed by the scope and conceptual framework discloses financial information useful for stakeholder decision making. This scientific study purpose is to assess the impact of IPSAS on the public budget statement in Africa. The study methodology adopted is mixed research methodology, through researcher administered questionnaires and interviews on PAFA accountants in public sector practice across Africa. The findings revealed that an IPSAS compliant publicly approved budget, after consultation with the public is objective and useful for user decision making, enhancing transparency and accountability for the benefit of users, including added stakeholder's trust and confidence thereby making an overall impact contribution to the Gross Domestic Product. The findings also identified implementation challenges of the IPSAS compliant budget as technical complex and beyond the comprehension of the average user, lack of political will, and resistance to change in the Finance Ministries and among legislatures

**Keywords:** IPSASs, Public Sector Budget, Government accounting, IPSASs Implementations, IPSAS in Africa, PAFA, IPSASs Challenges

## I. INTRODUCTION

The IPSASs public budget statement within the precinct of the national legal framework is arguably useful for user decision making. The IPSAS budget statement prescribed by the scope and conceptual framework discloses financial information useful for stakeholder decision making, thereby promoting public trust and confidence. The interplay of the publicly adopted budget between economic substance and legal form through fair presentation is a key component for accountability and transparency. This study therefore seeks to analyse the impact of the IPSAS on the public budget statement.

## II. LITERATURE REVIEW

The International Public Sector Accounting Standards Board (IPSASB) recognizes the rights of national governments and accounting standards setters, especially in cash based IPSAS, to establish national jurisdiction guidelines and standards for financial reporting in guided by IPSAS pronouncements (IPSAB, 2018). The consolidated publicly approved budget statement with comparatives provides aggregate financial information useful for the evaluation of the public entity's performance, especially in terms of efficiency and

effectiveness of service costs with clearly defined milestones (IPSAS 1; IPSAS 35).

The legally adopted budget should be prepared (IPSAS 1; IPSAS 35) in compliance to IPSAS accounting policies disclosing comparatives, financial limits, variance analysis, appropriations, supplementary information and explanatory notes is likely to enable the attainment of the public sector objectives. The consolidated financial statements and the publicly approved budget should be jointly prepared by the head of the central finance agency (Controller General) and the Finance minister with comparatives, budget limits and disclosure notes summarising the accounting policies, variance analysis, appropriation limits explanations and authorising legislations (IPSAS1; IPSAS, 24). The financial statements and budget statement shall only be described as IPSAS compliant if it complies with all the standards of IPSAS (Mazhambe, 2020).

Public financial management in government and its entities is aimed at disclosing financial information to the citizens and other users, through constant consultation and communication of financial and non financial information to ensure accountability and transparency (Wynne, 2007). The implementation of IPSAS in the United Nations system organisation (Biraud, 2012) revealed numerous benefits which were : standardization, harmonization and consistency (57.9%); quality (52.6%), comparability (47.4%) and improved transparency (84.2%).

## III. PURPOSE OF THE STUDY

This scientific study purpose is to assess the impact of IPSAS on the public budget statement in Africa

## IV. RESEARCH OBJECTIVE

To assess the impact of IPSAS on the public budget statement in Africa, based on accounting and auditing professionals in public sector practice

## V. RESEARCH QUESTION

What impact has IPSAS made on the public budget statement 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

Southern Africa		East Africa		Central Africa	
Mean	0.2	Mean	0.2	Mean	0.2
Standard Error	0.0552 26805	Standard Error	0.05019 9602	Standard Error	0.0551 36195
Median	0.18	Median	0.2	Median	0.21
Mode	#N/A	Mode	0.2	Mode	#N/A
Standard Deviation	0.1234 9089	Standard Deviation	0.11224 9722	Standard Deviation	0.1232 8828
Sample Variance	0.0152 5	Sample Variance	0.0126	Sample Variance	0.0152
Kurtosis	2.2055 36146	Kurtosis	2	Kurtosis	0.5528 47992
Skewness	1.2345 77028	Skewness	- 1.14540 5322	Skewness	0.4762 58613
Range	0.33	Range	0.3	Range	0.33
Minimum	0.07	Minimum	0.02	Minimum	0.05
Maximum	0.4	Maximum	0.32	Maximum	0.38
Sum	1	Sum	1	Sum	1
Count	5	Count	5	Count	5

West Africa		North Africa	
Mean	0.2	Mean	0.2
Standard Error	0.048270074	Standard Error	0.04929503
Median	0.21	Median	0.22
Mode	#N/A	Mode	#N/A
Standard Deviation	0.107935166	Standard Deviation	0.110227038
Sample Variance	0.01165	Sample Variance	0.01215
Kurtosis	1.58297261	Kurtosis	-1.40598486

Skewness	- 0.441371305	Skewness	- 0.457342621
Range	0.3	Range	0.27
Minimum	0.04	Minimum	0.05
Maximum	0.34	Maximum	0.32
Sum	1	Sum	1
Count	5	Count	5

SUMMARY					
Groups	Count	Sum	Average	Variance	
Southern Africa	5	1	0.2	0.01525	
East Africa	5	1	0.2	0.0126	
Central Africa	5	1	0.2	0.0152	
West Africa	5	1	0.2	0.01165	
North Africa	5	1	0.2	0.01215	

As evidenced form the above statistics whose data is statistically significant and in correlation, the mean, median values are relatively coherent, with acceptable insignificant standard errors, extracted from the primary data premised on the research question on respondents from different jurisdictions of Southern Africa, the data has internal and external validity, and free from bias. The ANOVA statistics is also in congruent with linearity, as evidenced from the critical values within and between the group sets above. The data range depicted is clearly and effectively 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 impact of IPSASs on the public budget statement has been largely objective and its practical application is depicted with varying degrees of analytical complexity. The respondents concurred that the overall impact of IPSASs on the public budget statement is useful for user decision making, enhancing transparency and accountability for the stakeholders. The disclosure of the legally adopted and approved budget statement prepared jointly by the Controller General and the Finance Minister after stakeholder consultation and communication, enhances trust and boosts confidence thereby contributing to the overall Gross Domestic Product. However the respondents also highlighted that, the IPSAS compliant publicly compliant budget is technical complex and beyond the comprehension of the average user. Additionally the respondents identified the challenges of shortage of IPSAS trained professionals, lack of political will, and resistance to change in the Finance Ministries as impediments

### VIII. CONCLUSIONS

The study can therefore conclude from the findings that an IPSAS publicly approved budget prepared jointly by the Accountant General and Minister of Finance, after consultation with the public is objective and useful for user decision making, enhancing transparency and accountability for the benefit of users. Additional benefits being added stakeholder's trust and confidence thereby making an overall impact contribution to the Gross Domestic Product. However on the contrary the usefulness of IPSAS compliant publicly compliant budget is technical complex and beyond the comprehension of the average user with further impediments of challenges of shortage of IPSAS trained professionals, lack of political will, and resistance to change in the Finance Ministries and among legislatures.

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