



## **FACULTY OF COMMERCE**

### **ACCOUNTING DEPARTMENT**

---

**A critical analysis into the introduction of private sector management and accounting techniques to the public sector. A case of Beitbridge Town Council.**

**CLARANCE T DUBE**

**R114414J**

*This dissertation is submitted in partial fulfilment of the requirements of the Bachelor of Commerce Accounting Honours degree in the Department of accounting at the Midlands State University.*

**GWERU, ZIMBABWE**

**2015**

## APPROVAL FORM

The undersigned confirms that they have supervised the student's, registration number R114414J, dissertation entitled, '*A critical analysis into the introduction of private sector management and accounting techniques to the public sector. A case of Beitbridge Town Council*'. The dissertation is submitted in partial fulfilment of the requirements of the Bachelor of Commerce Accounting Honours degree at the Midlands State University

---

**SUPERVISOR**

---

**DATE**

---

**CHAIRPERSON**

---

**DATE**

---

**EXTERNAL EXIMINER**

---

**DATE**

---

**LIBRARIAN**

---

**DATE**

**RELEASE FORM**

**NAME OF STUDENT**

**CLARANCE T DUBE**

**DISSERTATION TITLE**

**A critical analysis into the introduction of private sector management and accounting techniques to the public sector. A case of Beitbridge Town Council**

**DEGREE TITLE**

**Bachelor of Commerce Accounting Honours degree**

**YEAR DEGREE GRANTED**

**2015**

Permission is hereby granted to Midlands State University Library to produce copies of this dissertation and to lend or to sell such copies for private and scholarly research purposes. The author reserves other publication rights and the dissertation nor may extensive extracts from it be printed or otherwise be reproduced without the author's written permission.

**SIGNED**

---

**PERMANENT ADDRESS**

**1671 DULIBADZIMU**

**BEITBRIDGE, ZIMBABWE**

**CONTACT NUMBER**

**0736 630 002**

**DATE**

**APRIL 2015**

## **DEDICATION**

To my father and my mother, Mr Z Dube and Mrs E Dube.

## ABSTRACT

The study was undertaken to investigate on the appropriateness of employing private sector management and accounting techniques through the adoption of International Public Sector Accounting Standards (IPSAS) at Beitbridge town council. The non-compliance with IPSAS provisions, non-compliance with IPSAS due to the need for complying with statutes, high volume of errors in the financial statements, consolidation complications of IPSAS municipal financial statements and IFRS based statements of its businesses and the untimely completion of financial statements led to the need for this research.

Literature from various sources was reviewed to obtain different perceptions from different authors on the objectives of the research. The major contributions were that, IPSAS has the potential to significantly improve the quality of public sector financial reporting and that the accrual basis of accounting is appropriate for the public sector. Also, the private sector and the public have various similar financial reporting aspects, for different aspects specifically peculiar to the public sector, the IPSASB develops respective standards, for example IPSAS 22 –Disclosure of Financial Information about General government sector, IPSAS 23 – Revenue from non-exchange transactions and IPSAS 24 – Presentation of Budget Information in the Financial Statements. Also found is that a successful transition to the new standards would require a sound cash basis system in place, adequate technical resources, realistic implementation time frames, appropriate information system, convergence of Acts with IPSAS and transparent governmental support.

The researcher used descriptive and exploratory research designs. The researcher had a target population of 50 from which a sample of 44 was drawn.

Recommendations were made in accordance with research findings, these included adequate training of personnel before and during the implementation phase of the standards. Adopting the transitional cash basis IPSASs before moving to accrual standards and convergence of statutes with IPSASs to ensure a smooth transition. Management (higher government officials) commitment and government ownership of the implementation process, like a legal framework for IPSAS implementation across all levels of the public sectors.

## **ACKNOWLEDGEMENTS**

First of all, I give praise to the Creator, the Almighty God for the opportunity to do this program and for this dissertation.

I wish also to express my gratitude to MS T Takachicha, my dissertation supervisor, who through her tireless guidance, this work was realised. Special thanks to her for her excellent dedication and hard work in guiding me through this project.

I would also like to give thanks to the MSU Accounting Department as whole and the Chairperson of the Department Mr P Mvura for their unwavering support through the period, constructive support and advice. I appreciate the knowledge and wisdom you managed to impact in me for the past four years.

Lastly to my family, relatives and friends you are all indeed thanked from the bottommost of my heart for your support.

## TABLE OF CONTENTS

	<b>Title</b>	<b>Page</b>
	APPROVAL FORM	ii
	RELEASE FORM	iii
	DEDICATION	iv
	ABSTRACT	v
	ACKNOWLEDGEMENTS	vi
	TABLE OF CONTENTS	vii
	LIST OF TABLES	xi
	LIST OF FIGURES	xii
	LIST OF APPENDICES	xiv
	<b>CHAPTER ONE</b>	1
	INTRODUCTION	1
1	Introduction	1
1.1	Background of the study	1
1.2	Problem Statement	2
1.3	Main Research Question	2
1.4	Research Objectives	3
1.5	Research Questions	4
1.6	Significance of the Study	4
1.7	Delimitations	4
1.8	Assumptions	4
1.9	Limitations	5
1.1	Definition of Acronyms	5
1.11	Definition of terms	6
1.12	Chapter Summary	6
	<b>CHAPTER TWO</b>	7
	REVIEW OF RELATED LITERATURE	7
2	Introduction	7
2.1	International Public Sector Accounting Standards	7
2.1.1	Accrual basis and cash basis of Accounting.	7
2.1.2	Moving from the Cash Basis to the Accrual Basis IPSASs Standards	9
2.1.3	New public sector management	10
2.1.4	IPSAS Convergence with IFRS	11
2.2	Definition of the Public sector and the Private sector.	12
2.3	Debates on Accruals accounting in the public sector	13
2.4	IPSAS and the legal frame work.	17
2.5	Look at examples of countries that have developed own suite of standards	19
2.5.1	Reason for the development instead of adopting IPSAS as it is.	19

2.6	Relationship between adoption of accounting standards and the resulting quality of financial reporting to the public sector	20
2.7	The Public sector and the Private sector management and accounting techniques.	21
2.8	Zimbabwe's Adoption of IPSAS accrual accounting and possible impact of IPSAS adoption on Zimbabwean financial reporting.	23
2.9	Summary	24
	<b>CHAPTER THREE</b>	25
	RESEARCH METHODOLOGY	25
3	Introduction	25
3.1	Research Design	25
3.1.1	Descriptive Design	25
3.1.2	Exploratory design	26
3.2	Target Population	26
3.3	Sampling method	27
3.3.1	Sampling frame	27
3.3.2	Sample techniques	27
3.3.2.1	Random Sampling	28
3.3.2.2	Convenience sampling	28
3.3.3	Sample size	28
3.4	Data sources	29
3.4.1	Primary data	29
3.5	Research instruments	29
3.5.1	Self-administered questionnaires.	29
3.5.2	Personal Interviews	30
3.6	Data collection Procedure and administration	30
3.7	Validity and Reliability of findings	30
3.8	Data analysis and presentation tools	31
3.9	Chapter summary	31
	<b>CHAPTER FOUR</b>	32
	DATA ANALYSIS, PRESENTATION AND FINDINGS.	32
4	Introduction	32
4.1	Questionnaires Response Rate	32
4.2	Response Rate by Category	33
4.3	Demographic Response	34
4.3.1	Years of Experience in an Accounting Related Profession	34
4.3.2	Years of Experience in the Public Sector	35
4.3.3	Section in the Organisation	35
4.3.4	Job Titles	36
4.4	Appropriateness of private sector management and accounting techniques to the public	37
4.4.1	Are the IFRSs converged IPSASs adopted by the BBTC appropriate for the public sector	37
4.4.2	The public sector should adopt private sector financial managing techniques.	37



4.4.3	The public sector should adopt private sector accrual accounting techniques.	38
4.4.4	The untimely preparation of financial statements is attributable to IPSASs adoption	39
4.4.5	The high volumes of errors in the financial records are attributable to IPSASs adoption	39
4.4.6	The consolidation complications of municipal financial statements with those of GBEs are attributable to IPSASs adoption.	40
4.5	Development of local public sector standards that are in line with the specific Zimbabwe's legal framework and its specific public sector context	41
4.5.1	Full compliance with all the requirements of IPSASs would results in the effecting aspects that are ultra vires local legislations.	41
4.5.2	The IPSASs plausibly address public sector specific issues	42
4.5.3	The legal governing acts must be reviewed and be tailored to IPSASs	42
4.5.4	Zimbabwe should develop its own set of Public sector accounting standards	43
4.5.5	Feasibility of development of accounting standards in Zimbabwe	44
4.6	Implementation of IPSASs will positively impact financial reporting in the public sector financial reporting	44
4.6.1	The IPSASs will improve transparency in the public sector	44
4.6.2	The IPSASs will improve accountability in the public sector	45
4.6.3	The IPSASs will improve the quality of internal controls and a good auditing yardstick in the public sector	45
4.6.4	The IPSASs will subsequently improve the quality of financial reporting in the public sector	46
4.7	The financial management operations of private sector are plausibly similar to those of the public sector to warrant same accounting techniques for both sectors	47
4.7.1	Similarity of business operations of the private sector and public sector.	47
4.8	Factors that can ensure successful transition to the IPSASs	48
4.8.1	Reason implementation timeframe	48
4.8.2	Professional accountants in the Public Sector	48
4.8.3	IPSAS Tailored Accounting System	49
4.8.4	Functional cash accounting system in place	50
4.8.5	Political ownership of the IPSAS implementation process	50
4.9	Summary and Analysis of Interviews	51
4.9.1	Interview Response Rate	51
4.9.2	Duration of years the respondents have been employed in the public sector accounting related profession.	51
4.9.3	Adoption of private sector financial accounting techniques in public sector	52
4.9.4	Implementation of accrual IPSASs by the public sector in place of the traditional cash basis	52
4.9.5	Since the Beitbridge town council is already implementing IPSASs, this initiative positively impact its financial reporting	52
4.9.6	The problems such as the untimely preparation of financial statements, high volume of errors, complications with consolidation procedures of IPSAS prepared council statements with IFRS prepared GBE statements are attributable to IPSAS implementation.	53
4.9.7	Development of local public sector accounting standards in Zimbabwe	53
4.9.8	The feasibility of development of public sector accounting standards in Zimbabwe	54
4.9.9	Similarities of Financial management and business operations of the public sector and the private sector plausibly similar and if these warrant adoption of same accounting techniques	54

4.9.10	Issues that should be addressed before implementation of the accounting standards to ensure success	55
4.11	Chapter Summary	55
	<b>CHAPTER FIVE</b>	56
	<b>SUMMARY, CONCLUSION AND RECOMMENDATIONS</b>	56
5	Introduction	56
5.1	Chapter Summaries	56
5.2	Research Findings	57
5.3	Conclusion	59
5.4	Recommendations	59
5.5	Areas of Further Study	60
	REFERENCE LIST	61

## LIST OF TABLES

<b>Table</b>	<b>Description</b>	<b>Page</b>
Table 2.1	Cash Accounting versus Accrual Accounting	8
Table 2.2	The fundamental differences	22
Table 3.1	Target Population	27
Table 3.2	Sample size	28
Table 4.1	Questionnaire response and completion rate	32
Table 4.2	Response Rate by Category	33
Table 4.3	Sample size	37
Table 4.4	High volumes of errors in the financial records are attributable to IPSASs adoption	40
Table 4.5	Responses on if IPSASs plausibly address public sector specific issues	42
Table 4.6	IPSASs will improve transparency in the public sector	44
Table 4.7	IPSASs will improve accountability in the public sector	45
Table 4.8	IPSAS tailored accounting system	50
Table 4.9	Interview Response Rate	53

## LIST OF FIGURES

<b>Figure</b>	<b>Description</b>	<b>Page</b>
Figure 4.1	Questionnaire Response Rate	32
Figure 4.2	Questionnaire Completion Rate	33
Figure 4.3	Years of Experience in an accounting related Profession	34
Figure 4.4	: Experience in the Public Sector	35
Figure 4.5	Sections of the Respondents in the Organisation	35
Figure 4.6	Job Titles (Occupations) of the Respondents.	36
Figure 4.7	Private Financial Management Techniques in the Public Sector	37
Figure 4.8	The public sector should adopt private sector accounting techniques	38
Figure 4.9	The untimely preparation of financial statements is attributable to IPSASs	39
Figure 4.10	Consolidation difficulties of municipal financial statements with those of GBEs are attributable to IPSASs adoption	40
Figure 4.11	Full compliance with all the requirements of IPSASs would results in effecting aspects that are ultra vires local legislations	41
Figure 4.12	Legal governing acts must be reviewed and be tailored to IPSASs.	42
Figure 4.13	Zimbabwe should develop its own set of Public sector accounting standards	43
Figure 4.14	Feasibility of development of accounting standards in Zimbabwe	43
Figure 4.15	IPSASs will improve the quality of internal controls and a perfect auditing yardstick in the public sector	44
Figure 4.16	The IPSASs will improve the quality of financial reporting in the public sector	46
Figure 4.17	Business operations of the private sector and public are plausibly similar to warrant similar management and accounting techniques for both sectors	48
Figure 4.18	Reason implementation timeframe	49
Figure 4.19	Professional accountants in the public sector	49
Figure 4.20	A functional cash accounting system	51
Figure 4.21	A functional cash accounting system	52

## LIST OF APPENDICES

<b>Appendix</b>	<b>Description</b>	<b>Page</b>
Appendix I	Request to carry out a research	64
Appendix II	Questionnaire	65
Appendix III	Interview questions guide	68

# CHAPTER ONE

## INTRODUCTION

### 1.0 Introduction

This chapter will mainly cover the back ground of the study and the problem statement. It will further go on to provide an insight of the significance of this study, its objectives, limitations and delimitations of this study, assumptions and definition of terms. Lastly, a summary will round up the whole chapter.

### 1.1 Background of the study

In 2013 Beitbridge Town Council (BBTC) abandoned the usual cash-basis as practiced by various tiers of government and adopted and implemented accrual International Public Sector Accounting Standards (IPSAS) basis of accounting. This was per recommendation by the local authority's audit recommendations and its consultants as a move towards improved accountability, record keeping, transparency, efficient use of public resources and financial reporting which results in quality internal controls and audit trails (Council Minutes, 2013).

However, since the implementation of these standards, various issues pertaining to their implementation have been raised from various levels of the organisation in particular as pertaining to record keeping and reporting. The financial statements were not published as per requirements of the IPSAS 1 (External audit report, 2014). Full compliance with requirements of the standards such as publishing of its financial statements would be ultra-vires various local government legislation/regulations such as Council Fund Accounting as required by the Urban Councils Act [*Chapter 29:15*] (Internal audit report, 2014).

The auditing for year end 2013 was conducted late towards the end of June 2014 as a result of a delay in preparation of the different set of financial statements. This was attributed to for example, during the cash basis system property plant and equipment (PPE) was recognised in the financial statements only on purchase and disposal, thus there was no maintenance of an asset register pertaining to depreciation, impairments, repairs and maintenance of assets. This made the subsequent accounting as per IPSAS 17, which is the determination of carrying amount, impossible. Also, another example of items noted as drawback was the 2013 bank reconciliations

timeously in May through to June 2014. The conclusion of the trial balance was as a result affected and thus delayed the preparation of financial statements (Internal audit report, 2014).

During the cash bases system IFRSs were partly applied to revenue recognition during the billing process but since the implementation of the IFRSs based IPSASs, it has become a requirement across various transactions requiring a complete turnover of its accounting system and this has resulted in errors evidenced in the incomplete accounting for income taxes and PPE (Internal audit report, 2013).

There was a problem with consolidation procedures as per requirement of IPSAS 6 due to that the business entities (GBE) that it controls use a different accounting basis, the International Financial Reporting Standards (IFRSs) while the parent entity is using a different set of standards. Noted also was failure to comply with the budgetary preparations as per IPSAS 24 such as non-explanation in notes to the financial statements of the budgetary basis and classification basis adopted in the approved budget and the period of the approved budget. Moreover, highlighted was a need for an accounting system that is based on IPSAS requirements to help reduce to an acceptable level, the misstatements in the financial records and statements. Also indicated was that these complications resulted in material misstatements of the various financial aspects of the entity (External audit report, 2014). Ultimately, external auditors also expressed a qualified audit report for 2013 despite the adoption of these standards (External audit report, 2014).

## **1.2 Problem Statement**

The IPSASs as adopted and implemented by the BBTC represent implementation of private sector management and accounting techniques, as the majority of these standards, 29 standards as according Deloitte's 'IPSAS in Your Pocket' booklet (2013) are based on IFRSs. The problems at BBTC are inclined towards the adoption of these IFRS based standards such as non-compliance and some of its requirements contravening organisational policies and statutory requirements

## **1.3 Main Research Question**

Are the private sector management and accounting techniques as adopted by the IFRS based accrual IPSASs appropriate to Beitbridge town council a non-profit oriented government tier?

## **1.4 Research Objectives**

- To explore the appropriateness of the private sector management and accounting techniques as adopted by IPSASs, to Beitbridge town council a public sector entity.
- To explore whether there might be a need for development of IPSAS based standards that are in line with the specific Zimbabwe's legal framework and its specific public sector context.
- To ascertain whether the implementation of IPSASs will positively impact financial reporting in the public sector financial reporting.
- To ascertain if the financial management operations of private sector are plausibly similar to those of the public sector to warrant same accounting techniques for both sectors
- To ascertain factors that can ensure a successful transition to the IPSASs.

## **1.5 Research Questions**

- Are the IFRS based accrual IPSASs appropriate to Beitbridge town council a non-profit oriented government tier?
- Is there a need for development of local public sector standards that are in line with the specific Zimbabwe's legal framework and its specific public sector context?
- Will IPSASs adoption and implementation result in improved public sector financial reporting?
- Are the financial management operations of private sector plausibly similar to those of the public sector to warrant same accounting techniques for both sectors?
- What can be done in order to ensure a smooth transition from the old cash basis system of accounting to full accrual based system?

## **1.6 Significance of the Study**

### **To the researcher**

This research paper partially fulfils the requirements of the Bachelor of Commerce Accounting Honours degree which is a requirement for the researcher.

### **To the university**

The research will contribute relevant literature on similar or related research topics that could be used by other authors and scholars to facilitate original and further research. The study will also be used as an academic reference in the future.

### **To the organisation, Beitbridge town council**

The study intends to provide a valuable basis for current and future management thinking towards the implementation of IPSASs. It will help management to formulate strategies of ensuring that much fruits are reaped from IPSASs implementation.

## **1.7 Delimitations**

- Geography – This study was carried out in Beitbridge where Beitbridge town council offices are located and some of the respondents are also located.
- Literature – The research was only restricted to literature on IPSASs and other IPSAS related material.
- Sample frame – The research was directed to management, internal audit team and other accounting experts, as such, they will be the main respondents

## **1.8 Assumptions**

- The researcher assumed that the participants to be chosen would cooperate so as to conclude correct results.
- Respondents would give correct and unbiased information.
- Sample chosen would be a true representative of the entire population.
- Full cooperation from management in providing the researcher with information.



- All respondents have as reasonable understanding of IPSASs and related public sector information.
- Unrestricted access to the organisation's documents.

## 1.9 Limitations

A number of factors will limit the study these are;

- **Financial Constraint** - as a full time student, financial resources were be needed for communication, printing and stationery and travelling to gather information. Thus the researcher used inexpensive methods of data collection such as questionnaires to bring up credible findings.
- **Data sources** - secondary sources are sometimes unreliable because there are subjective as they rely on the original researcher's interpretation of phenomena. Primary data was however used to substantiate secondary data sources.
- **Cooperation** - lack of cooperation from core individuals (company officials) and other accounting experts in giving relevant information. The researcher however applied for permission to do the research and convinced organisation that information will be dealt strict confidentiality.
- **Time** - the research project runs concurrently with the final semester and thus there is limited time to conduct it. The researcher utilised weekends.

## 1.10 Definition of Acronyms

BBTC – Beitbridge Town Council

IFRS -International Financial Reporting Standards

IASB - International Accounting Standards Board

IPSAS - International Public Sector Accounting Standards

IPSASB - International Public Sector Accounting Standards Board

IFAC - International Federation of Accountants

GBE – Government Business Enterprise

ESAAG - East and Southern African Association of Accountants General

### **1.11 Definition of terms**

Accrual – a system of accounting under which revenues earned and expenses incurred are recognised within the reporting period in which they pertain irrespective of when the cash is received.

### **1.12 Chapter Summary**

The chapter commenced with an introduction and the background upon which the research was conducted, the chapter also looked the statement of the problem, the research objectives and research questions. The chapter also looked at the significance of the research, assumptions of the research, delimitations, limitations, abbreviations and definition of terms. The following chapter is a review of literature from other scholars.

## CHAPTER TWO

### REVIEW OF RELATED LITERATURE

#### 2.0 Introduction

The literature review in this study will discuss and explore the problem across various published related issues by accredited scholars and researchers. Studies across the world will be explored. This will be line with accrual accounting in the public sector as per objectives and research questions.

#### 2.1 International Public Sector Accounting Standards

The International Public Sector Accounting Standards Board (the IPSASB) of the International Federation of Accountants (IFAC) develops accounting standards for public sector entities referred to as International Public Sector Accounting Standards (IPSASs) (IFAC 2012). The IPSASs are a collection of thirty-one accrual based and a cash based, IFRS converged international financial reporting standards developed specifically for use by the public sector organisations other than Government business enterprises (GBEs) in maintenance of financial records and various financial statements preparation (Mudariki 2012).

The standards are top quality, objectively developed and their development process is buttressed by a solid due procedure. The standard have the support of various governments across the world including development organisations and accounting professional bodies from different countries (WHO 2013). IPSASs are independently developed and thus are considered to be of high quality and as generally accepted best practice (Jovanovic 2013). The IPSASB, through the IPSASs aims at enhancing the consistency, quality, and transparency of public sector financial reporting internationally (IFAC, 2015).

##### 2.1.1 Accrual basis and cash basis of Accounting.

These are the two different basic bases of financial reporting used to determine when and how to recognise, measurement and disclosure of transactions (Tudor and Mutiu 2006). Under the cash basis, transactions are recognised and recorded on receipt of cash while the accrual basis upholds the accounting matching principle under which transaction are recognised in the period in which the underlying events occur irrespective of when the consideration is received (Bunea-Bontas and Petre 2009). The shortfall associated with cash basis system is that information recorded here will

exclude liabilities, i.e. expenses incurred, since they are only counted when actually cash is paid, obligations relating to the entity are therefore concealed (Tudor and Mutiu 2006)

IPSAS adoption presents a significant change from the usual government cash based system of accounting to accrual based system, benefits associated with this transition are comprehensive reporting of assets and liabilities, clear reflection of financial position and comparability (WHO, 2013). Accrual accounting has a positive impact on the quality of general purpose financial reporting by public sector entities, resulting in improved informed assessments of the resource allocation decisions made by governments and other users of the information, thereby increasing transparency and accountability (KPMG, 2013)

In recent years, governments all over the world, like South Africa, have embraced accrual accounting and engaged in various reforms including financial management reforms which are gradually and steadily shifting them from traditional cash basis accounting practice to accrual accounting basis (Iyika, 2011). Under the non IPSAS cash basis the financial statements comprised of the cash flow statement and cash books and IPSAS adoption leads to enhanced disclosures which promote transparency, financial information under IPSAS is conveyed through the statement of financial performance, statement of financial position, statement of changes in equity, statement of cash flows and Notes (Mhaka, 2014). The cash basis system makes no attempt to apply the paramount matching principle of charging expenses to the income which they generate and cut-offs (Tudor and Mutiu 2006). Mhaka (2014) also highlights that, the public sector standards require disclosure of net assets /equity (community wealth) which encourages comparability, unlike under the non IPSAS cash basis where it is unknown. The table 2.1 below compares these two bases of accounting.

*Table 2.1: Cash Accounting versus Accrual Accounting*

<b>ACCRUAL</b>	<b>CASH</b>
Transactions are recorded when the actual economic event transpire irrespective of the of cash is received	Transaction are taken into account only when cash is received.
The revenue here is recognised on the date of transaction, i.e. on earning the income.	The revenue here is taken into account only on receipt of cash
All expenses accounted for when incurred and expiry of assets.	All expenditures accounted for when an actual cash outflow occurs.

Adapted from KPMG, IPSAS: Africa Implementation Survey Results, 2013

### **2.1.2 Moving from the Cash Basis to the Accrual Basis IPSASs Standards**

For firm planning to adopt the accrual IPSASs, according to IFAC (2012) the entities are encouraged have a functional cash basis already in place which can also achieved through the cash based standard (financial reporting under the cash basis) which allows for accrual based information willingly. As a transitional process oriented standard, entities in the process of moving to IPSAS full accrual accounting from the cash basis system might be willing to add additional accrual information to their disclosures. (Deloitte 2013).

It is also highlighted in the preface to IPSASs that;

The IPSASB also attempts to facilitate compliance with accrual based IPSASs through the use of transitional provisions in certain standards. Where transitional provisions exist, they may allow an entity additional time to meet the full requirements of a specific accrual based IPSASs or provide relief from certain requirements when initially applying an IPSAS. An entity may at any time elect to adopt the accrual basis of accounting in accordance with IPSASs. Having decided to adopt accrual accounting in accordance with IPSASs, the transitional provisions would govern the length of time available to make the transition. On the expiry of the transitional provisions, the entity reports in full accordance with all accrual based IPSASs” (IPSASB 2012 p.19)

A move to the accrual IPSASs will require disclosure in the notes to financial statements, according to the 28<sup>th</sup> paragraph of IPSAS 1, Presentation of Financial Statements

A public organization, non-profit organization, whose financial statements comply with IPSASs should explicitly make an unreserved statement of such compliance in its notes. Such a statement shall be made only when all the requirements of the IPSASs are complied with. (IPSAS Handbook 2012 p.37)

Ijeoma and Oghoghome (2014) highlights that despite the much advertised legion of benefits associated with accrual IPSAS adoption, the challenges of IPSAS adoption are inevitable and the following are expected, systematic identification and evaluation of financial statements elements,

for example the valuation of assets and liabilities at date of IPSASs implementation commencement, insufficient technical resources, for example, lack of professional accountants in the public sector, political ownership, this may result in lack of support at the highest executive level leading to serious implementation complications and issues of consolidation of government controlled entities financial statements.

To ensure successful implementation, Ijeoma and Oghoghome (2014) and Khan and Mayes (2014) recommend that the following conditions would be necessary for successful implementation of the IPSAS standards, an acceptable cash basis system of accounting already in place, governments or entities planning on an advancing to IPSAS must have central implementation officials such as professional accountants and information systems specialists and the capacity to recruit such professionals, the project needs to be dedication and total support from the political executives and adequate government financial management information system customised for multi-dimensional reporting requirements of accrual based IPSAS

Uduwae (2013), a sound cash basis system that has the capability to produce dependable financial information is an essential foundation upon which transitional programs can be built, adequate technical resources, realistic implementation timeframes, appropriate information system and transparent championing and support from the government.

### **2.1.3 New public sector management**

According to Bunea-Bontas and Petre (2009), public sector governance has been directly affected by various transformations such as the result based management, decentralization, deregulation and the introduction of private sector management and accounting techniques, these reforms are usually referred to as the New Public Sector Management (NPM)

The NPM describes a management practice that lays emphasis on centrality of citizen centred activities as well as accountability for results (UNECA, 2003). It involves managerial transformations in the public service and application of various management techniques and practices mainly borrowed from the private sector and this need have drawn its impetus from the perceived success of these techniques and this has increasingly become a global phenomenon Olufemi and David (2010). The main objective of NPM is for public sector organizations to be more economically efficient and more accountable for performance to the public they serve and who contributes the operating funds (UNECA, 2003)

The NPM as financial reforms was triggered off by the desire to eliminate wasteful, inefficiency, poor service delivery, overspending, lack of accountability, transparency and improve quality of service delivery in the public service (Pollitt et al, 2007).

As cited by Ofoegbu (2014), Iyika (2011) says that the NPM introduced the need for application of management of private sector resources and financial accounting and reporting approaches to non-profit making organization in particular the public sector. In recent years, some governments, like South Africa, Nigeria and Kenya, across the world have embraced the NPM and engaged in reforms including financial management reforms which are gradually and gradually drifting them from traditional cash basis accounting practice to accrual accounting basis, for example, the South African Generally Recognised Accounting Practice (GRAP) standards.

The introduction of private sector systems of accounting and financial reporting was supported by the issuance of IPSASs, accrual accounting standards, by the IPSASB (Chistiaens et al, 2014). A total of 31 accrual based and an additional transitional cash basis standard have been developed since 1997 to date (2015) (IFAC, 2015).

#### **2.1.4 IPSAS Convergence with IFRS**

According to IFAC (2015), the IPSASB develops accrual-based IPSASs for the public sector accounting and financial reporting employ various methods on of which the convergence, or the adaptation of the IFRSs to the public sector requirements.

As also alluded to by Mudariki (2012), the IPSASs are a set of IFRS based, accrual based standards specifically developed for use by public sector organisation for the maintenance of accounting records and the subsequent preparation of financial statements. As also alluded to by McFie (2013), the accounting standards that are developed by the public sector standards board are IFRSs converged. McFie (2013) also highlights that, the IPSASB in the development of the standards, the main challenge they face is in addressing issues not specially or appropriately covered in the IFRSs.

According IASB (2015) the preface to the IFRSs highlights that the IFRSs upon which the standards are based are crafted to apply to GAAP financial statements of all profit-oriented entities (IASB 2015). According to the Deloitte (2013), in the development of accruals-basis IPSAS the IPSASB converges with IFRSs. The IPSASB therefore maintains the requirements of IFRSs text in public sector reporting appropriate situations, unless a specific public sector issue absolutely

requires departure (Delloite, 2015). As also mentioned to by Chan (2008) the IPSASs are the government version of the IFRSs and from the initial stages of the stages IPSAS development, ‘convergence with IFRS has been the modus operandi of the IPSASB, in their view, IFRSs applies to government unless if there are specific reasons for it to be different from business’. Roje, Vašiček and Vašiček (2010) are of the diverging view that the IPSAS standards are private sector management and accounting techniques which is being applied to a wholly different sector with its own characteristics and different ways of operations.

## **2.2 Definition of the Public sector and the Private sector.**

The public sector is that part of the national economy, government and state agencies, and such items as all state funded agencies that are concerned with the provision of public goods, programs and services (IIA Global 2011). The other hand, the private sector is involved with private goods, services, programs and any other involvements that ensure dividends for the investors. Several factors and characteristics of the public give rise to conceptual perspectives that differ from those in the private sector (Chan 2008).

IFAC (2011) highlights the following characteristics as pertinent to the public sector, the high volume and financial significance of non-exchange transactions sub classified into taxation and other non-exchange transfers and non-market oriented goods and services provision, the significance of budget as a statutory document, the nature of property, plant, and equipment, its main purpose to the entity, the public sector assumes, the ownership or control of natural resources, regulatory law making mandate, the nearly eternal going concern of the public sector.

According to Jovanovic (2013) the public sector concept is much broader than just not for profit making organisations and private sector organisations or the central government itself, the public sector is a broad structure with main government in the core, with a lot of entities branches such as government agencies and GBE’s. Not for profit organisations do not necessarily model a public sector entity even though they are not profit oriented, they can perfectly be classified as private entities based on their ownerships structure (Malahleha 2012).

The public sector organisations have for a long time been characterised by cash basis system of financial reporting while the private sector, profit oriented organisation assumed the accruals principle in their statements which now according to the Conceptual Framework (2010) is a requirement (KPMG 2013). The success in the private sector have for a long time been linked with



the accruals system of accounting and this has seen the public sector adopting accrual systems of reporting and even accounting standards (Olufemi and David 2010).

### **2.3 Debates on Accruals accounting in the public sector**

The world-wide call for a transition from the old cash bases system of accounting to private sector based accrual accounting is a fall out of NPM reforms, a change pressurised by the International Monetary Fund (IMF), World Bank, Organization of Economic Co-operation for Development (OECD) and International Federation of Accountants (IFAC), Public sector Committee (Ofoegbu, 2014). Ofoegbu (2014) also maintains that people have doubted whether the adoption and implementation of accrual accounting method will yield the benefits of transparency, accountability and improvement of quality of accounting information emanating from the fact that several attempts have been made in the past to improve on the financial reporting system of the public sector across the world but all met with failure. Several authors have championed the introduction private sector based accounting standards to the public initiative, for example Mhaka, (2014) who asserts that IPSAS converge with IFRSs improves quality of financial reports.

#### **IFRSs converged IPSASs**

Although there is convergence among the majority of IPSASs with IFRSs, differentiation exist between them making IPSAS compatible for government reporting including three specific non IFRS based standards, IPSAS 22, 23 and 24 and a cash basis standard (Delloite 2013). IFRS main objective is to afford the users of financial information with data about the entity's financial performance and financial position to help those users in decision making, on the other hand, IPSAS based financial statements are aimed at providing information about resource utilisation and service delivery costs incurred by the entity (Earnest and Young 2013). In converging with IFRS, the IPSASB maintains the IFRS text on applicable issues while addressing public sector specific issues not addressed by the standard (About IPSASB: IFAC 2015). IPSAS convergence with IFRSs brings with it a perceived prestige and respect which makes financial statements relevant for decision making purposes (Okoliebough, 2013).

There is an agreement amongst the greater part of public sector management expects that the adoption of IPSAS brings alongside it the renown and appreciation that is connected with IFRSs, the world's most recognised financial reporting framework (Okolieaboh 2013). Okolieaboh (2013) also highlights that the Greek government's debt crisis including the European zone crisis are

regularly connected, to some degree, to the inefficient cash basis system of accounting which allowed liabilities and expenses unexposed which otherwise have generally been revealed under full implementation of IPSAS.

### **Enhanced comparability**

IPSAS as a uniform standard applied worldwide or across all local municipalities of a country brings with it comparability which allows users of financial statements to make objective decisions (Okoliebough, 2013). This is in line with the IPSAS framework, (2010) objective of financial reporting, i.e. to provide information to the users of financial statements about the use of allocated resources (Mhaka, 2014). The adoption of IPSAS leads to more comprehensive information prepared and disclosed which encourages stewardship, accountability, transparency and comparability which enhances the quality of financial reports facilitating decision usefulness for the users of financial reports, (UN, 2006) and (PWC, 2013).

### **Accrual recognition of transactions**

The public sector as permanent organisation gets involved in several long term contracts characterised by delayed payments which renders cash basis system susceptible to reporting distorted information to users (Osmond, 2009) and (Ofoegbu 2014). Osmond (2009) is also of the view that the system presents a clear report picture and structure of what the organisation is owed and what it owns since according to Aboagye (2007) accrual accounting focuses on assets and liabilities, equity (net-wealth), revenue, expenses and cash flows through its statement of cash flows.

As cited by Ofoegbu (2014), Ball and Plugrath (2012) maintain that the cash basis system of accounting does not and cannot bring about transparency, quality financial reporting and clear accountability by government but will merely report a part of the total operational picture. According to Shah (2007), public organisations, non-profit making organisations and civic organisations need to be transparent and accountable in all their activities to the public which is the one contributing the funds for operations. Even though the public sector has for long been characterised by the cash basis accounting system, the accrual system adopted by IPSAS enhances understanding, comparability, relevance and the economic reality of the effects of a set of decisions or actions on an organisation's financial position and performance which satisfies the necessities of the IFRS conceptual frame-work upon which the standards are based (Ball and Plugrath, 2012).

UNECA, (2003) is of the same view as it states that accrual accounting brings forth effective and efficient decision-making by managers through capturing and reflection of all and full costs and related outputs thus the managers are held accountable for all costs associated with the outputs produced.

### **Cash basis or Accrual basis path**

As cited by Pontoppidan (2015), the Commission Staff Working document (EU, 2013) classifies 13 IPSAS standards as standards that need adaptation or for which a selective approach would be needed for implementation and 4 standards that are seen as needing to be amended for implementation. This highlights over half of the standards rendered as inappropriate for implementation in the public sector (EU, 2013). As cited by Ofoegbu (2014), according to Wayne (2009), accrual accounting adoption is a mere political untried and untested initiative whereas the cash basis system has a continued validity in the public sector. Wayne (2009) maintains that different accounting reporting and financial arrangement techniques are required by different environment and that what a public organization should be concerned with is how their accounting and financial management best improves the management of public services. Aboagye (2007) asserts that the cash basis system has been allowing providers of external assistance to follow various accounting principles because of its simplicity and thus it would be wiser for entities benefiting from external assistance to maintain their records in the cash basis.

The IPSASB has developed both accrual standards and a cash basis accounting standard (IFAC, 2012), this on its stand to reflect a lack of specific sense of direction by the IPSASB as pertaining to public financial reporting basis and underlying assumptions.

### **Costs of Implementation**

However, as cited by Mhaka (2014), Nkundabanyanga et al, (2013) holds that the adoption of accounting standards cannot exclusively guarantee the quality of financial reports but that in conjunction with the strength of the regulatory framework. Despite the benefits associated with IPSAS adoption, the costs associated are also inevitable, both financial non-financial such as time. For example, training resources will require huge financial outlay consultancy costs, IT and ERP implementation costs will be incurred to ensure a highly likely successful implementation which highly likely going to require much time (Irvine and Lucas, 2006) and (PWC, 2009).

Okolieaboh (2013) asserts that the adoption and implementation of IPSAS is highly likely to be exorbitantly expensive in various material respects that some expects have questioned its much advertised paybacks and such having seen more than planned timeframes in implementation of the standard by various states. Roje, Vašiček and Vašiček (2010) are also of the view that a considerable amount of time and financial resources will need to be invested in the preparation for and planning for the transition to ensure accomplishment of the change to IPSAS. Also highlighted by Okolieaboh (2013) is that, in 2012, Nigeria and Zimbabwe announced that they were going to adopt IPSAS in 2013, Nigeria realistically shifted its cash basis IPSAS to 2014 and 2016 for accrual basis IPSAS, and this shows how much attention that needs to be paid to a transition of its magnitude. As cited by Ofoegbu (2014), Adrian and Alexandra, (2014) expresses doubts as to whether the shift to accrual accounting in government is worth the cost and additional risks involved is increasing given also the lack of research sufficient evidence that the information from accrual accounting was extensively used in decision making in the public sector.

### **Complexity of the Standards**

Accrual based accounting is more complex and requires greater technical expertise and increased professional judgment on e.g. financial instruments, employee benefits and property valuations (Okolieaboh 2013). Okolieaboh (2013) maintains that professional Accountants, regulators, accounting lecturers, and preparers of financial statements are all required to work together to ensure a smooth transition. Zimbabwe may face the practical implementation challenge since implementation requires professional accountants' auditors and regulators are in short supply in the public sector, (Martins, 2011).

### **Possible conflicts with statutes**

Amendments to the existing laws may be required in the implementation process (Mhaka, 2014). The public sector accounting in Zimbabwe is mainly governed by the Public Finance Management Act [chapter 22:19] and local authorities are also governed by Urban Councils Act [chapter 29:15] and the RDC Act [chapter 29:13]. The provisions stipulated by these Acts and the IPSAS may conflict materially requiring the regulators to converge the Acts and the IPSAS for smooth transition, (Mhaka, 2014) and (Li and Meeks, 2006).

### **Conclusion**

The benefits of adopting private sector accounting techniques based IPSAS outweigh those that are linked with the maintenance of old cash system, with most arguments against IPSAS adoption dwelling on its implementation cost (Tudor and Mutiu, 2006). Even though there has controversy among academics and professionals on if the employment of private sector management and accounting techniques is appropriate, IPSAS an IFRS based initiative has gained massive global acceptance despite the non-financial nature of the public (Roje, Vašiček and Vašiček 2010). This global acceptance has seen nations moving towards IPSAS adoption and even though this have not been mandatory, they have been influential in various ways and recommended by national accounting and auditing regulators and professional bodies (Roje, Vašiček and Vašiček 2010). According to KPMG (2013), in Africa, 18 Countries have indicated that they have adopted or have the intention to adopt accrual accounting and according to ICAZ (2010), worldwide, over 70 countries are in the progress or with the intention to adopt IPSAS. The new Pan African Federation was tasked with the overall oversight and championing of IPSASs implementation across all its 34 member states, an initiative also driven by World Bank Public Finance Management Reform programmes (KPMG, 2013). If private sector management and accounting techniques were inappropriate for adoption in the public sector, IPSASs would not have gained significant international recognition, adoptions and planned adoptions, (Christiaens et al., 2014). Also, in converging with IFRS, the IPSASB maintains the IFRS text on applicable issues while addressing public sector specific issues not addressed by the standard (About IPSASB: IFAC, 2015). Thus IPSAS are a private sector accounting technique specifically crafted for the public sector, and solemnly being based on the IFRS does not render the standards in appropriate for the public sector (Roje, Vašiček and Vašiček 2010)

#### **2.4 IPSAS and the legal frame work.**

As cited by Mhaka (2014), according to Li and Meeks (2006), the public sector accounting in Zimbabwe is mainly governed by the Public Finance Management Act [chapter 22:19] (PFM Act) and local authorities also governed by Urban Councils. Provisions of theses Act and the IPSAS may conflict materially with these statutes requiring the regulators to converge the Act and the IPSAS for smooth transition (Khan and Mayes (2009).The characteristics of the information disclosed (for example, its reliability and completeness) will depend on legislation or regulations governing financial reporting within a jurisdiction (IFAC, 2012).

In accordance with section 121 (5) (a) (i) RDC Act, after having approved estimates, the council “shall ensure that copies of such estimates are forthwith made available for inspection by the public free of charge at the council offices”. Section 307 (7), Urban Councils Act (1996), “A copy of the final accounts, together with the auditor’s report, shall be kept by the town clerk at the office of the council and shall be open to inspection by any person during office hours, and any person may take extracts from any of those documents and may obtain copies thereof at such charge as may be fixed by the council, which shall not exceed such amount, if any, as may be prescribed”. Though available for inspection and after having adoption of IPSAS which requires publishing, the researcher encountered hardships in gaining access to the financial statements and related information neither where the financial statements reflecting policies that are in line with IPSAS requirements.

Councils are required to keep and maintain books of accounts using the double entry principle as a foundation for preparation of the statements of financial position as may be required the Urban Councils Act or any other law distinguishing all the elements of financial statements (section 307 (7) Urban Councils Act). On the other hand, IPSAS 1 paragraph 21 specifies the various components that makes up the full set of financial statements which are:

a complete set of financial statements comprising of; a statement of financial position; statement of financial performance; a statement of changes in net assets/equity; a cash flow statement; when the entity makes publicly available its approved budget, a comparison of budget and actual amounts either as a separate additional financial statement or as a budget column in the financial statements; and notes, comprising a summary of significant accounting policies and other explanatory notes. (IPSAS Handbook 2012 p.35).

Addition disclosure requirements embedded in IPSASs may conflict existing government policies pertaining to information that is considered very sensitive for public consumption even though they will bring transparency in public sector operations (PWC, 2009). PWC (2009) also maintains that the varying levels national regulations relating to bookkeepers, accountants and auditors poses a challenge for IPSAS in in meeting these requirements for all countries.

The legal frame work can however be aligned with the general accepted best practices (GABP) like how the IFRSs were incorporated, GABP is also a required by section 37 of the PFM Act, that

is the financial statements and budgets as per requirement of the this ACT must be consistent with GAAP (PFM Act 2009).

## **2.5 Look at examples of countries that have developed own suite of standards**

South Africa through its accounting standards board (ASB) sets the generally recognised accounting practice standards (GRAP), its own set of 28 public sector standards as required by the PFM Act section 89 (1999) (ASB 2011). The preface also states that “the standards of GRAP set out the recognition, measurement, presentation and disclosure requirements for financial reporting in the public sector in South Africa”.

According to the Preface to the standards of GRAP (2011) the GRAP standards are created through both the adaptation to IPSASs and the development of GRAP standards dealing with local specific issues.

The New Zealand, according to PWC (2013), moved from IFRS-like standards to IPSAS-like standards in anticipation of greater decision-usefulness, enhanced comparability with other states and transparency from applying standards developed specifically for public entities.

### **2.5.1 Reason for the development instead of adopting IPSAS as it is.**

According to IFAC (2015), the IPSASB develops accrual-based IPSASs in two ways one of which is IPSASs developed by adaptation of the IFRSs to the public sector. The public sector being referred to here is however an assumed universal one, none the less, public sectors across the whole world differ across the world based different geographical locations, political and legislative structures and environments.

According to Roje, Vašiček and Vašiček (2010), to keep their national sovereignty, various states are now using their own standards which are significantly consistent with the requirements of IPSAS.

Setting of local standards enables that where regulatory or legislative environment of a particular country is inconsistent with IPSASs, the local standard can be crafted addressing this inconsistency. (Preface to the accounting standards of GRAP, 2011).

Also, for standards that are excessively complex such that its implementation would be cost inefficient, a locally developed standard would be a simplified one while upholding the quality of financial reporting. (GRAP, 2011).

## **2. 6 Relationship between adoption of accounting standards and the resulting quality of financial reporting to the public sector**

According to the PFM Act (2009), through various sections, the act requires proper accounting for public monies and for the purposes of safeguarding public property and funds, that the civil servants to exercise extreme attentiveness in the collection, receipt, custody, control, issue and the expenditure of public property and money. This is clearly alluded to in section 3 of the PFM Act which says that the object of the PFM Act is to: “secure transparency, accountability and sound management of the revenues, expenditure, assets and liabilities of Ministries, designated corporate bodies and public entities, constitutional entities and statutory funds”. However, in the face of such legislations in Zimbabwe and across the whole world, there has always been an outcry across the world on the poor financial reporting, accountability, transparency, and efficient use of public resources in the public sector (Chan 2008). Thus, there have been reforms in public management financial information systems in trying to solve these issues with the cornerstone of such reforms being the introduction of accrual accounting in the public sector (Chistiaens et al, 2014).

The adoption of IPSAS across the world was pioneered by the World Bank and United Nations (UN) organisations and the UN have championed adoption across all its agencies (PWC 2013) and (Aboagye 2007). A sound and transparent public management accounting tool does not itself guarantee high quality financial management but is a necessary foundation (PWC 2013), IPSAS adoption has the potential to positively impact transparency and comparability of government financial reports which results in improved quality of government financial reports (Mhaka 2014). The new requirement to use full accrual accounting on its own presents significant improvements in government financial reporting (PWC 2013).

According to ICAZ (2010), IPSAS adoption will result in quality financial information through improved planning and budgeting, measurement of government performance, accountability and stewardship, internal controls improvements and timeliness of financial reporting diaper.



Ofoegbu (2014), basing on a study carried out in Nigeria, concludes that adoption and implementation of IPSAS will significantly improve accountability, transparency and quality of financial information.

## **2.7 The Public sector and the Private sector management and accounting techniques.**

The public sector is that part of the national economy, i.e. the government including public controlled or financed agencies providing and delivering basic, programs, public goods and services (IIA: Global, 2011). The private sector on the other hand is involved with private goods, services, programs and any other involvements that ensure dividends for the investors. Several factors and characteristics of the public give rise to conceptual perspectives that differ from those in the private sector. IFAC (2011) highlights the following characteristics, high volume and financial significance of non-exchange transactions such as taxation and other non-exchange transfers and the non-market provision of goods and services, significance of the budget as a statutory document, the nature of property, plant and equipment, its main purpose to the entity, the public sector assumes responsibility for national and local heritage, the longevity of the public sector, law making mandate of the public sector.

According to Ranchod (2012) the public sector serves a different mandate and underlying objectives that are significantly different with those of the private sector. Their aim is provision of public centred services out of public assets with public interests at heart, while the objectives of private sector entities are profit oriented.

Due to these different orientations, the public sector standards need to address and cater for the different state of affairs pertinent to public sector environments such as the non-exchange transactions and below market price exchanges, i.e. value less than the actual value of the goods, the entity may hold assets “from which future economic benefits” (IPSASB 2012 p.31) are not probable to flow to the entity but which are necessary for fulfilment of certain mandates and as a governing organisation and the entity can largely be involved in non-exchange transactions.

According to Kay (2008), fundamental differences between the public and the private sector organisations translate to fundamentally different accounting needs. Chan (2008) highlights the fundamental differences in the public sector and private sector that necessitated different management and financial information accounting approach.

Table 2.2: The fundamental differences

<b>Underlying Characterised</b>	<b>Defining</b>	<b>Public Sector</b>	<b>Private Enterprises</b>
Motivating Factor		Desire to be in power	Desire to make profit
Criteria for Performance		Community wealth	Profit
How it is related to the law		Has the mandate to create laws that governs the operations of all its midst	Can have influential the law making process but not make the laws
Core Business		Public interests (Public goods) and promotion of the welfare of the public	Multiplication of shareholder's wealth
Financiers		Taxpayers	Stakeholders/shareholders
Kind of dominant transaction		Non exchange transactions	Voluntary exchange transactions
Products		Inseparable public goods that are collectively consumed.	Private goods that are separable and for private consumption.
Sources of revenue		Taxes	Sales revenue
Assets		Public property, community wealth	Private property protected by property law rights
Liabilities		"Broadly construed to promote general welfare"	"Narrowly construed to limit exposure to risk"

Adapted from Chan (2008)

The accrual basis of accounting seized to be an assumption and became mandatory for all IFRS based financial reporting as required by the Conceptual Framework 2010 (IASB, 2010). This is because accrual accounting has proven to be a reliable basis upon which to base financial records (Mayes and Khan 2009). Despite the differences identified in table 2.2, in the development of the accrual IPSASs the IPSASB maintains the IFRS text on applicable issues while addressing public sector specific issues not addressed by the standards (About IPSASB: IFAC, 2015). Public sector specific issues such as budget reporting are addressed, thus despite these differences, the business like part of the public sector can appropriately be addressed by the accrual IPSASs (ICAZ, 2012). The going concern principle holds for both sectors, the public sector is involved in trade some of which do not involve immediate transfer of consideration but at a later date (Kay 2008). This implies that both these sectors have accrual information that requires accrual accounting reporting,

the accrual accounting also incorporates cash flow reporting through its statement of cash flows (IPSAS 2).

## **2.8 Zimbabwe's Adoption of IPSAS accrual accounting and possible impact of IPSAS adoption on Zimbabwean financial reporting.**

According to McFie (2013), Zimbabwe announced its IPSAS adoption in mid-2012 set for 2013. The public sector accounting systems in Africa has for a long time been characterised by the cash basis of accounting, with accrual accounting being used in records maintaining such debtors through billing systems (Mhaka 2014). To date, a few exceptions such as Ghana and South Africa, others with intentions such as Zimbabwe and Nigeria, have successfully adopted and are implementing IPSAS (World Bank 2007). Despite announcement by Zimbabwe pertaining IPSAS adoption, there is publicly available IPSAS implementation strategy established (McFie 2013).

According to ICAZ (2012), the institute champions the adoption of IPSAS in Zimbabwe instead of just the IFRS because it address public sector specific issues, that is, revenue from non-exchange transaction, social benefits e.g. old age pension, child grants, heritage assets, public private partnerships and budget reporting. According to Mhaka (2014) possible impact of the new public sector standards would be timely recognition of all types of assets and liabilities (e.g. employee benefits obligations).

PWC (2013), IPSAS adoption will enable public sector entities and their stake holders to assess and understand the long term economic impact of their day to day decisions, in particular political decisions, on the financial performance, position, net asset changes and cash flow changes.

The reforms for effective accounting and financial reporting by some of the African states like South Africa include the include adoption of IPSAS bases of accounting (McFie, 2013). In Zimbabwe, as a member of the East and Southern African Association of Accountants General (ESAAG) an association which requires IPSAS adoption by member states, IPSAS was adopted with December 2012 as deadline for issue of first published IPSAS's compliant financial statements and in preparation for migration to the full accrual basis (Mudariki, 2012). However, as already highlighted above, on Zimbabwe's IPSAS implementation plans, there is no specific open strategy for this adoption available (McFie, 2013).

## **2.9 Summary**

This chapter looked at related literature to the issues pertaining to IPSAS adoption and as an introduction of private sector accounting and financial management approach to the private sector. The following chapter will deal with the methodologies used in carry out of the research.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This chapter focuses on spelling out the research procedures and instruments that were used in gathering data pertinent to the carry out of the research study. The research methodology identified here played a paramount role in enabling the researcher to address the objectives of this research. The research design, research instruments, population, data collection procedures, data presentation and analysis that were used in the study will be discussed. The chapter enhances the credibility and therefore the acceptability of the findings of research paper and its recommendations.

#### **3.1 Research Design**

The research design is the development of a systematically structured framework for the collection and analysis of data (Cooper and Schindler 2011). In this research paper, the research design established a framework for the collection, measurement and analysis of data. The researcher used the descriptive research design to gather information, it consists of observations and surveys, surveys incorporates questionnaires and interviews which the researcher self-administered and conducted to obtain information. Exploratory research was also used since the research incorporates exploratory investigations on various aspects of the research objectives.

##### **3.1.1 Descriptive Design**

The descriptive research design incorporates both quantitative and qualitative elements enabling both data collection and the description of the data collected in respect the phenomena under study (Leedy and Ormrod 2005).

The researcher employed descriptive design to gather statistical data and facts on the target population's perception and attitudes towards possible contributions of IPSAS adoption to the public sector. Among other issues, appropriateness of IPSAS adoption in the public sector and its possibility to yield improved accountability, transparency and therefore enhance the quality of financial reporting and factors that will ensure a smooth transition to these standards were addressed.

Descriptive design accommodates sample selection and thus was appropriate for coming up with a manageable sample of the whole population providing realistic findings at reasonable costs and timeously.

Both quantitative and qualitative research approaches were used in this research so as to gain insights on IPSAS appropriateness and its possibility to improve the quality financial reporting. Both these approaches were put to use since both qualitative and quantitative data was necessary for proper evaluations.

### **3.1.2 Exploratory design**

The exploratory research design is used for the purpose of getting an understanding of a notion, revealing a problem and ascertaining ideas and discernments relating to a particular study (Cooper and Schindler 2011).

In the processes of establishing the appropriateness to BBTC as a public sector entity of the accruals based IPSASs and ascertaining the degree of similarity between the two sectors to justify use of same accounting reporting principles. Also, to gather perception based data on the necessity of developing local IPSAS based standards and factors that may be taken into consideration on adoption of these standards to ensure a smooth transition, the exploratory design was used.

This research design was largely used for the purpose of this research since major emphasis is on gaining ideas and insights based on target population's perception and attitudes towards IPSASs.

### **3.2 Target Population**

The target population is a wholesome list of the components with one or more common characteristics under study or upon which the study is intended to be carried (Kotler 2003). In this research, the target population is that group the researcher is interested in gaining data and information from, from which conclusions will be drawn. In this research, the targeted population is a total of 50 as highlighted in the table 3.1 below.

<b>Target Population</b>	<b>No. Population</b>
Bookkeepers	12
Public sector Accountants	8
Internal Auditors	8
Accounting academics	12
Management	6
Professionals Accountants	4
<b>Total</b>	<b>50</b>

*Table 3.1: Target Population*

### **3.3 Sampling method**

These are the various methods that can be employed during the process of selecting a representative subset of the entire population (Van de Velde et al, 2004). Sampling can be described as an analysis of subset observations representing the entire population from which observations also representing the entire population are drawn (Van de Velde et al, 2004). Sampling methods encompasses simple random sampling, systematic sampling and observational sampling. Simple random sampling was used in this research. Simple random sampling is a technique which enables an equal probability of selection of all elements within a population when forming a sample (Allison et al, 2001). The size of the sample population was determined using the Krejcie and Morgan model.

#### **3.3.1 Sampling frame**

This is defined as a list of branches/sub-units used in the compilation of the sample used in the carry out of the research (Leedy and Ormrod 2005). It was made up of bookkeepers, accountants, internal auditors and management and accounting academia and professionals.

#### **3.3.2 Sample techniques**

Sampling techniques are essentially two, that is the probability and non- probability sampling technique. In this research paper, the researcher used both convenience sampling classified under non-probability sampling and simple random sampling which is a probability sampling tool.

##### **3.3.2.1 Random Sampling**

Simple random sampling is a technique which enables an equal probability of selection of all elements within a population when forming a sample (Allison et al, 2001)

Simple random sampling technique was used in the selection of respondents. The researcher preferred this method because it is bias free and each individual of the entire population has an equal chance to express their opinion in line with objectives this research paper.

### 3.3.2.2 Convenience sampling

Convenience sampling is defined as sampling method under which its subjects are chosen on the basis of easy of accessibility (Sekeran and Bougie 2009). The sampling method was incorporated because a part of the target population was conveniently accessible and close to the researcher. Here, respondents were selected based on their higher probability to be available for the interviews, selection and likeliness to return the questionnaires.

### 3.3.3 Sample size

According to Van der Velde et al (2004), a sample is representative subgroup of the entire population, embodying characteristics of the whole group, from which information is to be gathered. The sample size was determined by Krejcie and Morgan model. Using this model, the sample size for participants was 44.

Target group	Total population	Proportion	Sample size
Bookkeepers	12	24%	11
Public sector Accountants	8	16%	7
Internal Auditors	8	16%	7
Academics	12	24%	11
Council Management	6	12%	5
Accounting professionals	4	8%	3
<b>Totals</b>	50	100%	44

*Table 3.1: Sample size*



### **3.4 Data sources**

Information for this study was derived from primary sources

#### **3.4.1 Primary data**

Primary data refers to first-hand information, it is that information acquired from the original source by the researcher on the variables of interest for the purpose of original research (Sekeran and Bougie 2009). The researcher used questionnaires and personal interviews to extract the primary data.

This data was collected through self-administered questionnaires and personal interviews which were carried out by the researcher. The questionnaires and interviews sought to obtain the respondents' insights and opinions on the introduction of private sector accounting techniques to the public sector in line with the objectives of the research paper.

### **3.5 Research instruments**

Research instruments can be defined as reasonable model that can be followed by the researcher in the process of data collection (Shoa 1999). The researcher used questionnaires and interviews.

#### **3.5.1 Self-administered questionnaires.**

According to Bush et al (2002), these are self-reports in which respondents are required to fill in their answers in response to questions in the questionnaire document. The questionnaires were structured in such a way that will enabled ease of response to issues being addressed using clearly laid open ended questions.

For data collection on the insights and opinions of the target population on the appropriateness of accruals IPSAS adoption in the public sector, if this move will improve the quality of financial reporting, the necessity of locally developed standards, the similarity degree of the two sectors that can justify application of same accounting principles and other question relevant to the study. The researcher used self-administered questionnaires to gather relevant data, used were open ended questions including use of a scale.

Open ended questions prompted unbiased responses and therefore rich data since respondents were free to express their views within the subject frontiers of the research questions. The research questionnaires allowed the respondents to address the needs of the various questions at the times

they were most comfortable with, that is their free time, this assured a high rate of response and return. The questionnaires also allowed the respondents more time as they were administered ten days before the follow up for collection ensuring well thought and possibly researched responses. The questionnaires incorporate a feeling of anonymous and this also contributed to freedom of expression especial on controversial opinions.

Of the 44 administered questionnaires, the researcher managed to collect 33 and of these, 30 were complete.

### **3.5.2 Personal Interviews**

Interviews are question based conversations that are initiated by the interviewer, in this case the researcher, for that precise purpose of obtaining more depth research data (Panneerselyam 2005). The researcher scheduled to carry out 6 interviews from the various sample frames as per interview guide of which only 4 were successful, the interviews were carried out face to face and responses were recorded by way of note taking and digitally.

It enabled the researcher to gather deeper and corroborating information to that obtained through questionnaires. It afforded the interviewer the opportunity to persuade for answers, non-verbal cues expressions were taken into account, and the interviews proved to be time effective.

### **3.6 Data collection Procedure and administration**

Questionnaires drafted first went through management for approval and then were administered across all composition of the sample population. Phone calls and messages were sent to the respondents prior the collection of questionnaires to ensure that the respondents had their responses with them. On follow up, non-responses were given a chance to respond and out of the 44 questionnaires, 33 were responded to, returned and analysed.

### **3.7 Validity and Reliability of findings**

Research instruments were sent out to the respondents after the assessment of validity and reliability of the subsequent findings. This was done to ensure that the study was well designed and that appropriate conclusions about the research questions were going to be drawn from the responses. Reliance was placed upon the objective of the study in ensuring validity and reliability.

Unambiguous and less technical terms were used to ensure easy of understanding by the respondents which helped assure valid data the researcher.

### **3.8 Data analysis and presentation tools**

The responses from the questionnaires was collected and analysed together with interview responses and grouped in respect of the responses given. The response rate was determined not only on the number of returned responses but also the in respect of questionnaires completed. The questionnaire responses and were analysed and presented by way of tables, percentage graphs, bars and pie charts. Interview responses data was mostly analysed qualitatively through the use of simple percentages since most of such data was based on attitudes towards IPSASs, personal academic experiences, and personal work place experiences in accounting standards.

### **3.9 Chapter summary**

This chapter focused on the research methodology, looked at were the research design, research instruments used by the researcher in conducting the study. Also discussed in this chapter was the target population, sampling methods employed and the size of the sample chosen. The data collected will be analysed, processed and presented in the chapter that follows.

## CHAPTER FOUR

### DATA ANALYSIS, PRESENTATION AND FINDINGS

#### 4.0 Introduction

The chapter brings to light all the research findings in respect of this study and a comprehensive interpretation of the research findings. The chapter's main focus is on the analysis of the primary data findings obtained through questionnaires and the personal interviews. The data is analysed through the use of appropriate data presentation tools for the different cases such as bar graphs, pie charts and column charts.

#### 4.1 Questionnaires Response Rate

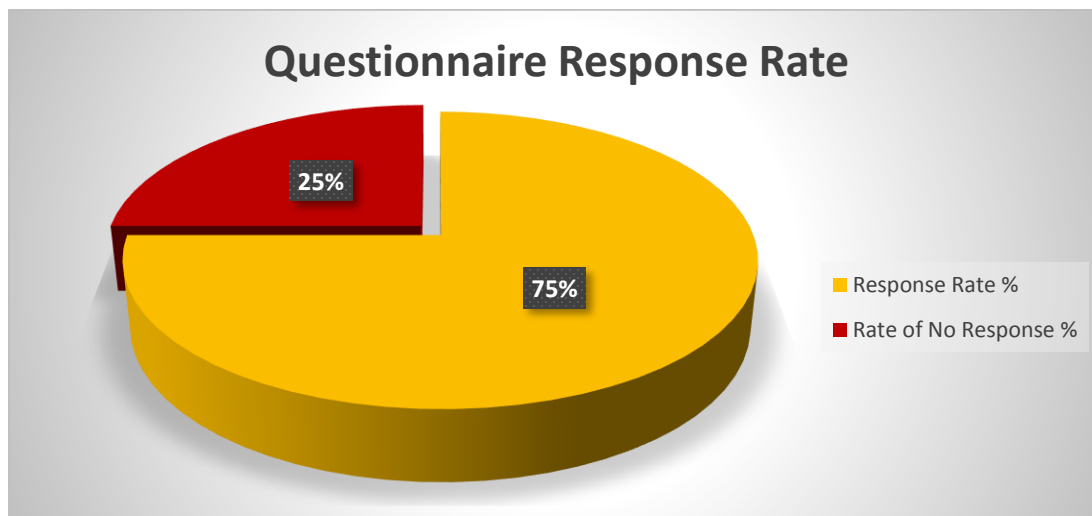
The researcher collected primary data from the public sector accounting personnel, accounting academia, management and accounting professionals. Almost all the questionnaires were attended to by the respondents and returned on collection date. The response rate and completion rate are shown below in table 4.1.

	Questionnaires Distributed	Questionnaires returned	Questionnaires Completed	Response Rate %	Completion Rate %
Sample of Target Group	44	33	30	75%	91%

Table 4.1 Questionnaire response and completion rate

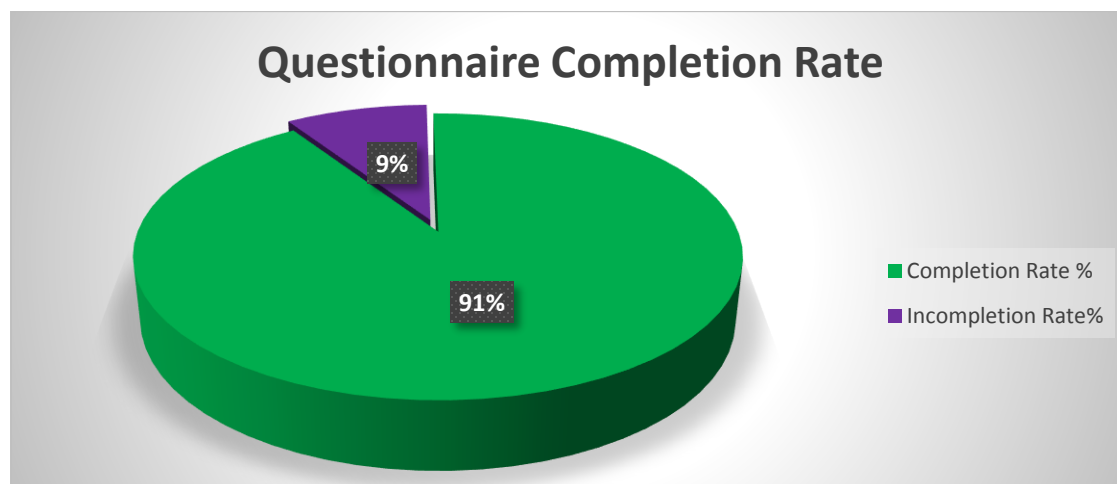
The response rate is summarised below in figure 4.1 below

Figure 4.1 Questionnaire Response Rate



The rate of completion is also summarised in figure 4.2 below.

Figure 4.2 Questionnaire Completion Rate



As highlighted in figure 4.1 above, a total of 44 questionnaires were distributed to the researchers, 75% were returned. Also shown is that 25 % of questionnaires were not returned attributable to reluctance due such items as fear, busy work schedules and unavailability on the date of data collection. Also highlighted in figure 4.2 above is that of the 91% returned questionnaires were completely attended to resulting in a completion rate, the questionnaires were incomplete because of tight work schedules. From a response rate of 75%, and a questionnaire completion rate of 91% reasonable conclusions can be drawn in this study.

#### 4.2 Response Rate by Category

The questionnaires were distributed to the various categories of the sample population respectively. Table 4.2 below, the rate of responses obtained from these categories are shown

Category	Questionnaires Distributed	Responses received	Response Rate
Bookkeepers	11	9	82%
Public Sector Accountants	7	5	71%
Internal Auditors	7	6	86%
Academics	11	9	82%
Council Management	5	3	60%
Accounting Professionals	3	1	33%
<b>Totals</b>	<b>44</b>	<b>33</b>	<b>75%</b>

Table 4.2 Response Rate by Category

The above table shows the response rate per category highlighting that responses were obtained from all the categories of the sample population. As shown above, of the questionnaires administered to both bookkeepers and academics, 82% were returned from both categories, of those sent out to both accountants and internal auditors, 71% and 86% were received from internal auditors and accountants respectively, 60% were returned and a 33% response rate from professional accountants.

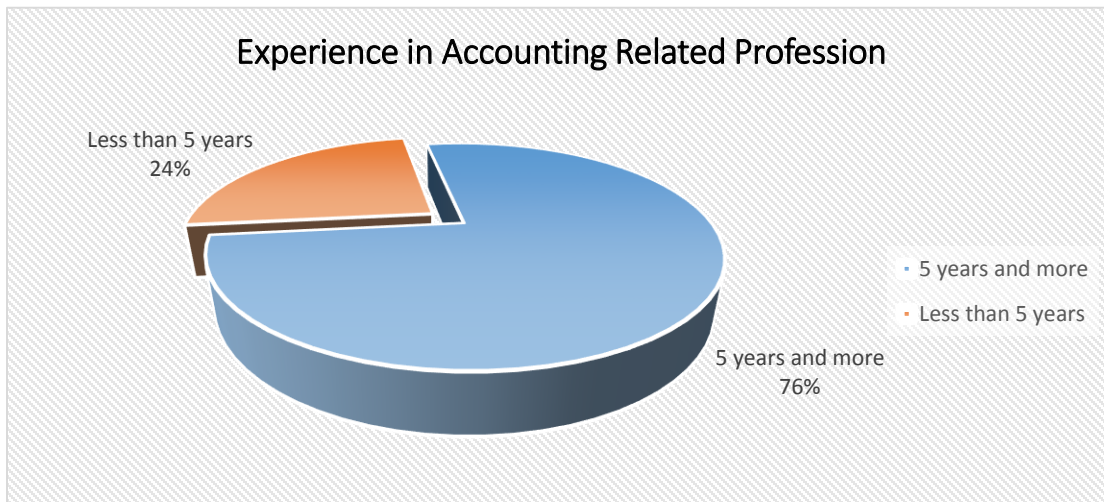
### 4.3 Demographic Response

The demographic questionnaires sought to determine the experience of respondents in any accounting related occupation, experience in public sector and in public sector accounting, the department and the job titles of the respondents.

#### 4.3.1 Years of Experience in an Accounting Related Profession

The respondents have spent different years in any accounting related profession summarised into less than 5 years and more than 5 years in figure 4.3 below.

*Figure 4.3 Years of Experience in an accounting related Profession*

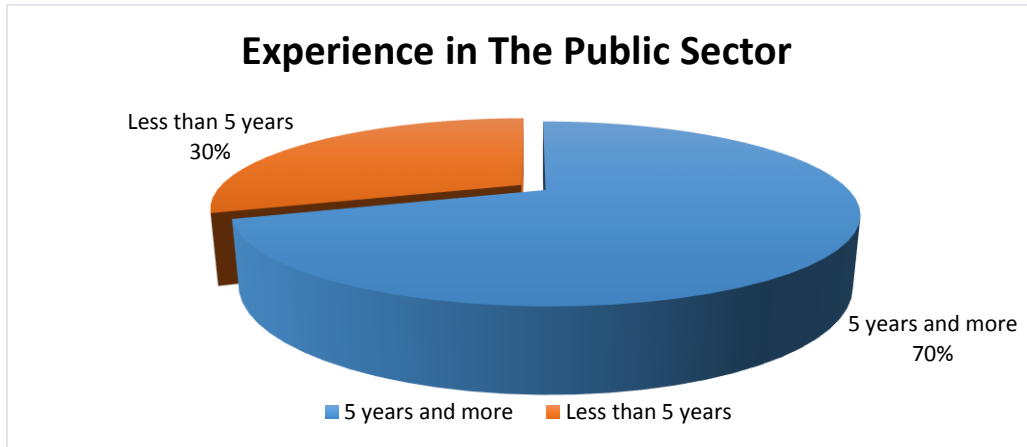


The question sought to determine the years of experience of the respondents in an accounting related profession. As summarised in figure 4.3 above, 76% of the respondents indicated that they have spent 5 years and more working in accounting related occupations while 24% having worked lesser. The majority of questionnaires were responded to by people with reasonable experience of practical accounting related issues thus substantiating the credibility of findings in this study.

### 4.3.2 Years of Experience in the Public Sector

The respondents have spent different years in the public sector summarised into less than 5 years and more than 5 years in figure 4.4.

Figure 4.4: Experience in the Public Sector



As summarised in figure 4.4 above, of the 33 questionnaires returned, 70% of the respondents indicated that they have spent 5 years and more working in accounting related occupations while 30% having worked lesser. The majority of questionnaires were responded to by people with plausible experience in practical public sector related issues thus substantiating the credibility of findings.

### 4.3.3 Section in the Organisation

Figure 4.5 Sections of the Respondents in the Organisation

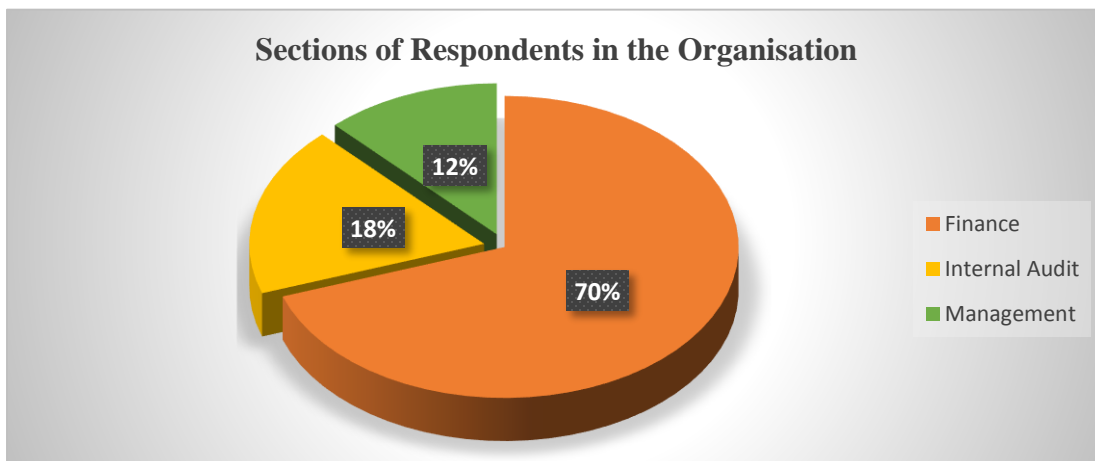


Figure 4.5 summarises the various sections/departments in which the respondents were working under. However for the academics, since some of them were not working at the time of the research, the responses here were historical. As highlighted, 70%, of the respondents, are in the finance department, 18% of the respondents are in the internal audit and finally 12% of the respondents being a part of management. The majority of the questionnaires were responded to by the internal audit and the finance department, both of which are involved in day to day financial operations of the organisation and their combined proportion is 88%, substantiating the reliability of findings

**4.3.4 Job Titles**

*Figure 4.6 Job Titles (Occupations) of the Respondents.*

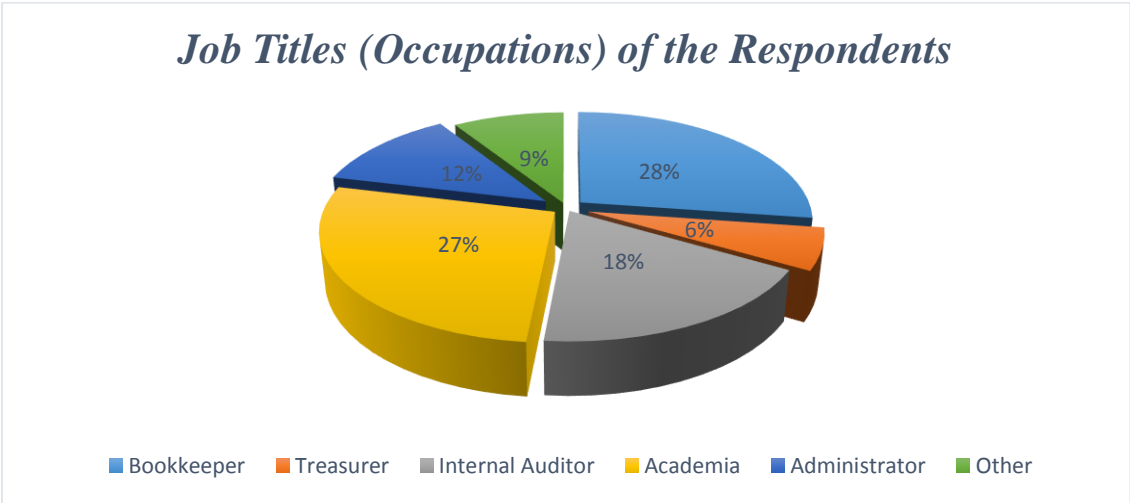


Figure 4.6 summarises the various job titles/occupations held by the respondents to the questionnaires within the organisation. As highlighted, 28% of the respondents are bookkeepers, 27% are in academics, 18% in the internal audit, 12% being administrators and 6% occupying the treasurer posts. The significance of highlighting the above structure of the respondents is to bring out the proportions of the sample population from which responses were obtained from. Figure 4.6 highlights that the responses were obtained from a majority of individuals with plausible knowledge on accounting matters.



#### 4.4 Appropriateness of private sector management and accounting techniques to the public

##### 4.4.1 Are the IFRSs converged IPSASs adopted by the BBTC appropriate for the public sector

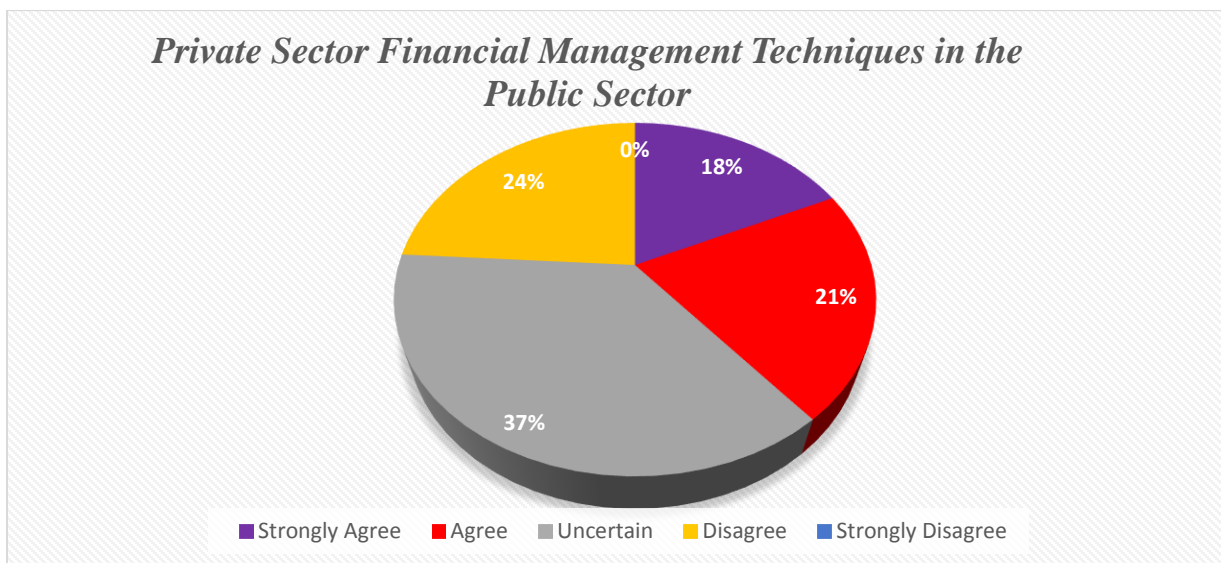
Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Count	13	10	6	3	1	33
Percentage	40%	30%	18%	9%	3%	100%

*Table 4.3: Appropriateness of IPSAS to the Public Sector*

This question sought to ascertain if the respondents deemed the accounting standards as appropriate to the BBTC, a public organisation. As summarised in table 4.4, 12% of the respondents strongly agreed, 40% agreed, 21% reflected having insufficient knowledge to formulate an opinion, 18% disagreed and 9% in strong disagreed. The findings here renders these private sector based standards appropriate for the public sector and this is also asserted to by the IPSASB (2015) which highlights that in the development of the accrual IPSASs the IPSASB maintains the IFRS text on applicable issues, public sector specific issues such as budget reporting that are addressed by the development of further material in the standards and additional standards.

##### 4.4.2 The public sector should adopt private sector financial managing techniques.

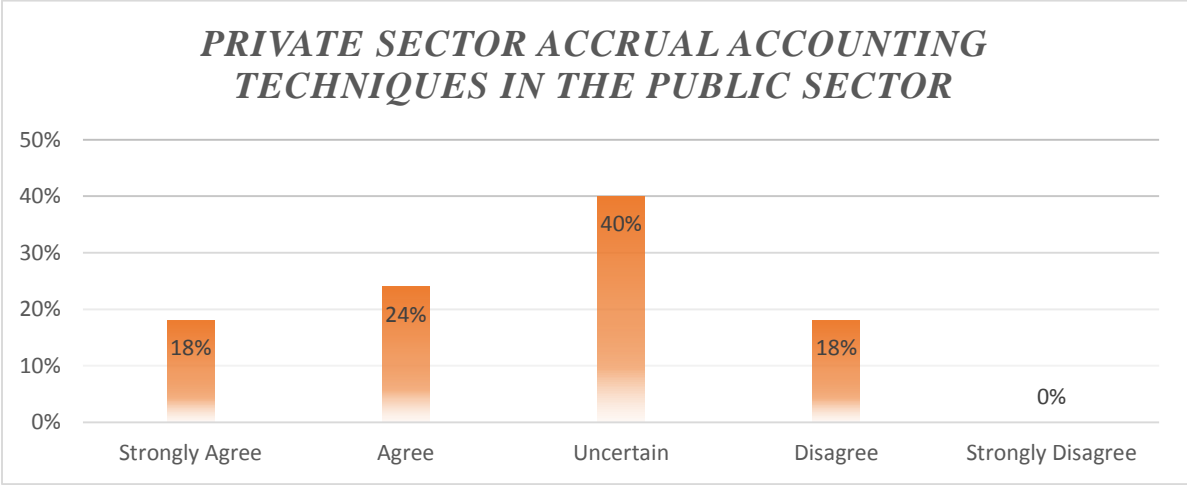
*Figure 4.7: Private sector Financial Management Techniques in the Public Sector*



The objective here was to determine if the private sector should adopt private sector financial management techniques. As summarised in figure 4.7 above, 37% of the returned questionnaires were not sure if private sector financial management techniques should be also be employed in the public sector while 0% were in strong disagreement and 24% disagreeing. 21% agreed with such a move and 18% strongly agreed resulting in total majority of 39% of the respondents in approval. This is supported by ICAZ (2012) which concludes that despite the differences between the sectors, the business like part of the public sector can appropriately be addressed by the accrual IPSASs.

**4.4.3 The public sector should adopt private sector accrual accounting techniques.**

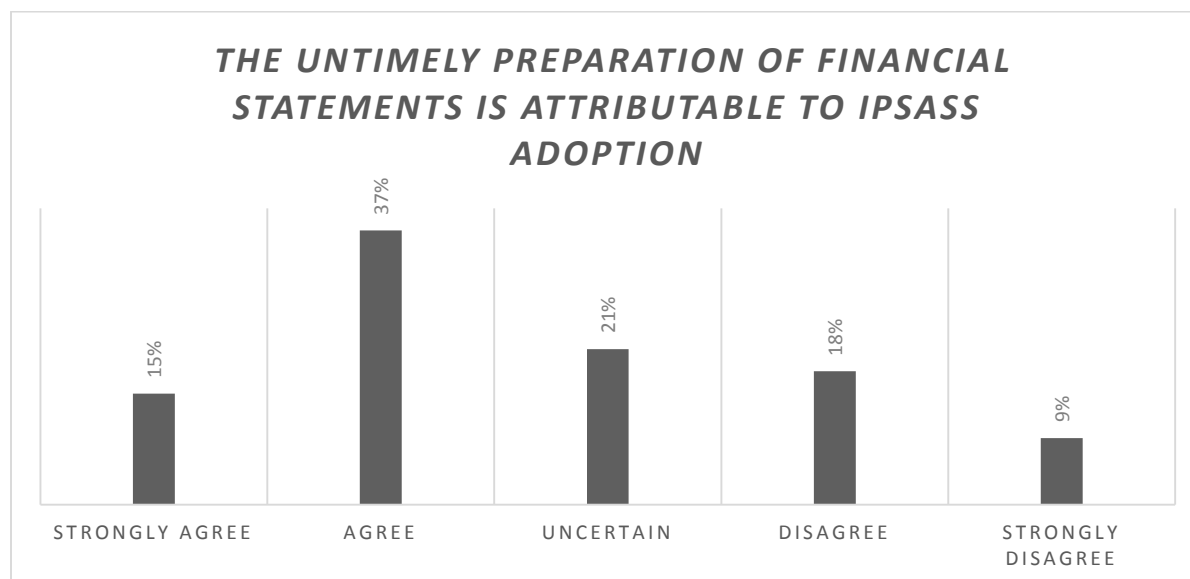
*Figure 4.8: if the public sector should adopt private sector accounting techniques.*



This questionnaire’s aim was to ascertain if the public sector should implement private sector accounting techniques. As precisely reflected in figure 4.8 above, the responses to this question were also dominated with a high degree of uncertainty standing at 40%, 18% were in disagreement, no one strongly disagreeing while 24% strongly agreed and 18% agreed. Compared to the disapproval rate of 18%, more respondents, that is a majority of 42% approved. This is buttressed by the IASB (2010) which asserts that the accrual basis of accounting seized to be an assumption and became mandatory for all IFRS based financial reporting as required by the Conceptual Framework 2010 because according to Mayes and Khan (2009) accrual accounting has proven to be a reliable basis upon which to base financial records for both private and public sector entities.

#### 4.4.4 The untimely preparation of financial statements is attributable to IPSASs adoption

Figure 4.9: The untimely preparation of financial statements is attributable to IPSASs adoption



The question sought to establish whether the respondents were also of the view that the untimely preparation of financial statements was as a result of introduction of IPSASs. Fifteen percent of the respondents strongly agreed, 37% strongly agreed, 21% expressed a neutral opinion, 18% disagreed and 9% strongly disagreed. A total majority of 52% agreed to this assertion, this is supported by the PWC (2013) various problems such as the requirement of new ways of reporting, new ways of communicating financial information amendment of the IT infrastructure will cause problems such as untimely recording of financial statements and reporting for first time adopters.

#### 4.4.5 The high volumes of errors in the financial records are attributable to IPSASs adoption

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Count	4	13	7	6	3	33
Percentage	12%	40%	21%	18%	9%	100%

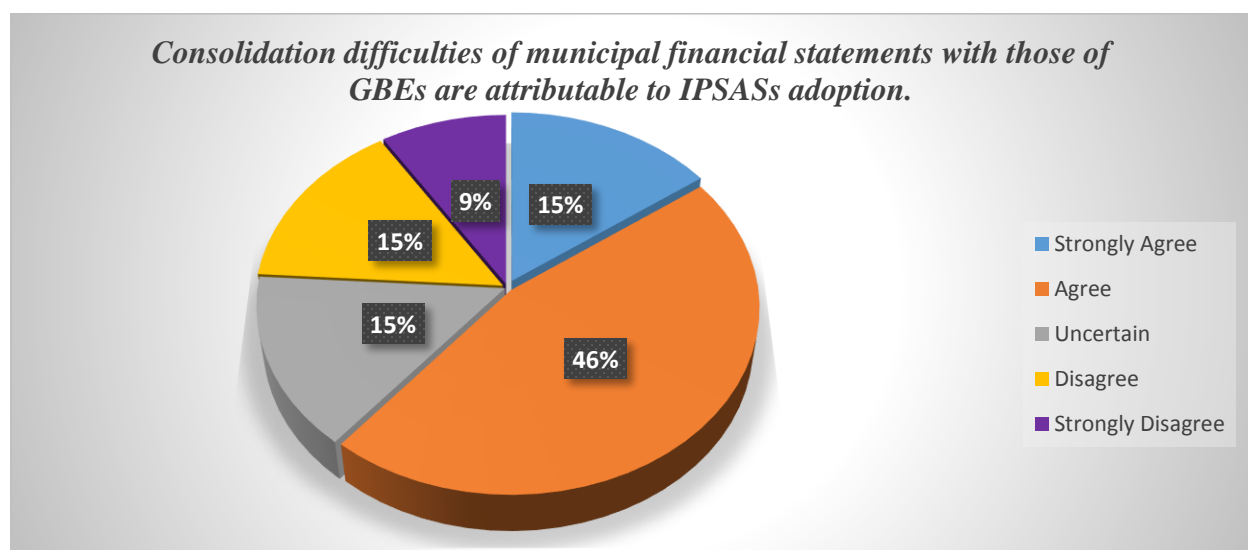
Table 4.4 High volumes of errors in the financial records are attributable to IPSASs adoption

The question sought to establish whether the respondents were also of the view that the high volume of errors in the financial records were attributable to IPSASs adoption. Of the 33 respondents, 12% strongly agreed, 40% also agreed, 21% expressed a neutral opinion, 18% disagreed and 9% strongly disagreed. The majority of respondents agreed to that the increased volume of errors is attributable IPSAS adoption., this is also supported by PWC (2013) which

asserts that accrual accounting is based on the occurrence of economic events and not merely cash payments and cash receipts, to reduce initial implementation problems such as errors, a shift in mind set of administrators down to employees, awareness campaigns and training will be required

#### **4.4.6 The consolidation complications of municipal financial statements with those of GBEs are attributable to IPSASs adoption.**

*Figure 4.10: Consolidation difficulties of municipal financial statements with those of GBEs are attributable to IPSASs adoption.*



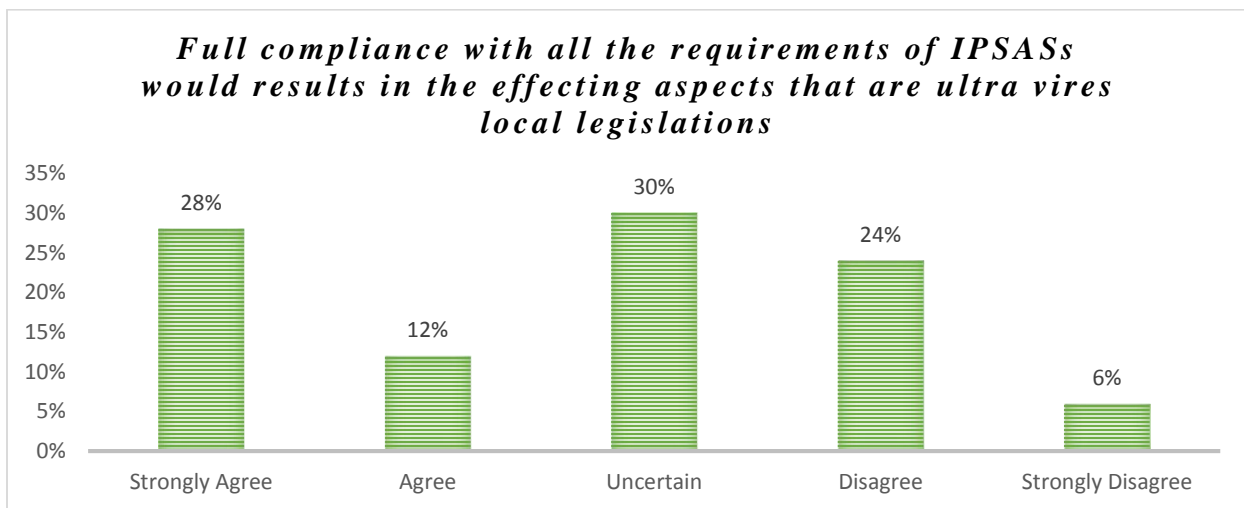
The questionnaire aimed at establishing on if the respondents were also of the view that consolidation difficulties of municipal financial statements with those of GBEs are attributable to IPSASs adoption. As summarised in figure 4.10, 15% of the respondents strongly agreed, 46% strongly agreed, 15% expressed a neutral opinion, 15% disagreed and 9% strongly disagreed. A total of 61% accepted the assertion implying that the consolidation complications of municipal financial statements with those of GBEs are attributable to IPSASs adoption. This view is also supported by Delloite (2014) which is the view that there is bound to implementation problems such as consolidation procedures as per requirement of IPSAS 6 due to that the business entities (GBE) that governments control use different IFRS accounting basis, while the parent entity will be using a different set of IPSAS standards.

## 4.5 Development of local public sector standards that are in line with the specific Zimbabwe's legal framework and its specific public sector context

### 4.5.1 Full compliance with all the requirements of IPSASs would results in the effecting aspects that are ultra vires local legislations.

The responses of the respondents as pertaining to if full compliance with all the requirements of IPSASs would results in the effecting aspects that are ultra vires local legislations are summarised in Figure 4.11 below.

*Figure 4.11: Full compliance with all the requirements of IPSASs would results in the effecting aspects that are ultra vires local legislations*



The objective here was to find out if full compliance with all the requirements of the IPSASs would result in effecting aspects which are ultra vires local legislations. As summarised in figure 4.11 above, 30% of the returned questionnaires expressed a neutral opinion on if full compliance with all the requirements of IPSASs would results in the effecting aspects that are ultra vires local legislations while 6% were in strong disagreement and 24% disagreeing. 12% agreed and 28% strongly agreed resulting in majority of 40% of the respondents in approval. The majority agrees to that full compliance with all the requirements of IPSASs will results in the effecting aspects that are ultra vires local legislations, this supported by Mhaka (2014) who asserts that Provisions of Public Finance Management Act and the Urban Councils Act and those of the IPSAS may conflict materially requiring the regulators to converge the Acts and the IPSAS.

#### 4.5.2 The IPSASs plausibly address public sector specific issues

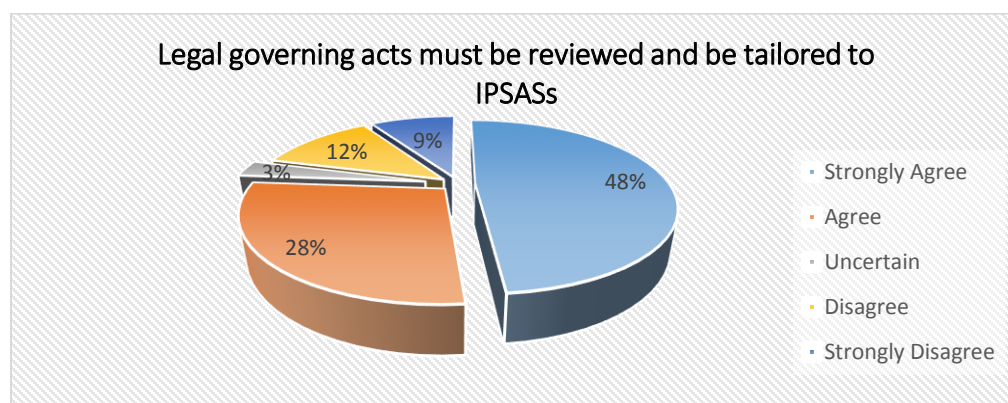
Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Count	4	12	11	4	2	33
Percentage	12%	37%	33%	12%	6%	100%

Table 4.5 Responses on if IPSASs plausibly address public sector specific issues

This question sought to ascertain if the standards plausibly address public sector specific issues. Table 4.5 summarises the responses pertaining to if IPSASs plausibly address specific public sector issues. 12% strongly agreed, 37% agreed, 33% were not sure low degree of disapproval at an overall of 18% with 12% disagreeing and 6% strongly disagreeing. This is also reinforced by Jovanovic (2013) who asserts that in the development of the standards, the IPSASB maintains the requirements of IFRSs text since a majority of public sector reporting requirements are similar to those of the private sector, unless a specific public sector issue absolutely requires departure, additional content is developed or a standard such as IPSAS 22 –Disclosure of Financial Information about General government sector, IPSAS 23 – Revenue from non-exchange transactions and IPSAS 24 – Presentation of Budget Information in the Financial Statements.

#### 4.5.3 The legal governing acts must be reviewed and be tailored to IPSASs

Figure 4.12: The legal governing acts must be reviewed and be tailored to IPSASs.

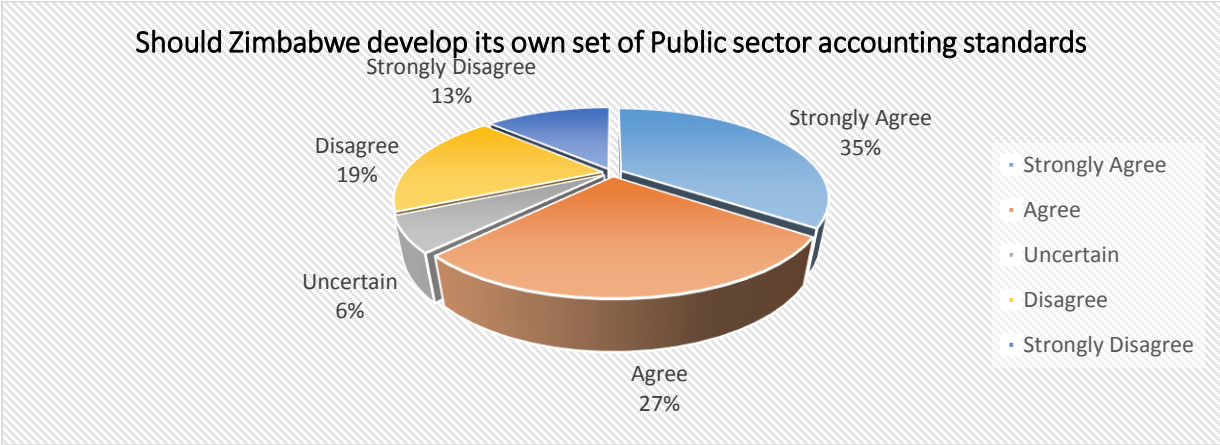


This question was asked in order to determine if the legal acts currently governing financial operations and reporting need to be reviewed and be tailored to IPSASs. As summarised in figure 4.12 above, 3% of the returned questionnaires expressed a neutral opinion on if the legal governing acts need to be reviewed and be tailored to IPSASs while 9% were in strong disagreement and 12% disagreeing. 48% agreed and 28% strongly agreed resulting in an approval rate of 76% to that

legal acts need to be reviewed for tailoring them to IPSASs. This is also supported by Ofoegbu (2014) who asserts that there should be made an effort to enshrine the requirements of accrual IPSASs into regulatory frameworks.

#### 4.5.4 Zimbabwe should develop its own set of Public sector accounting standards

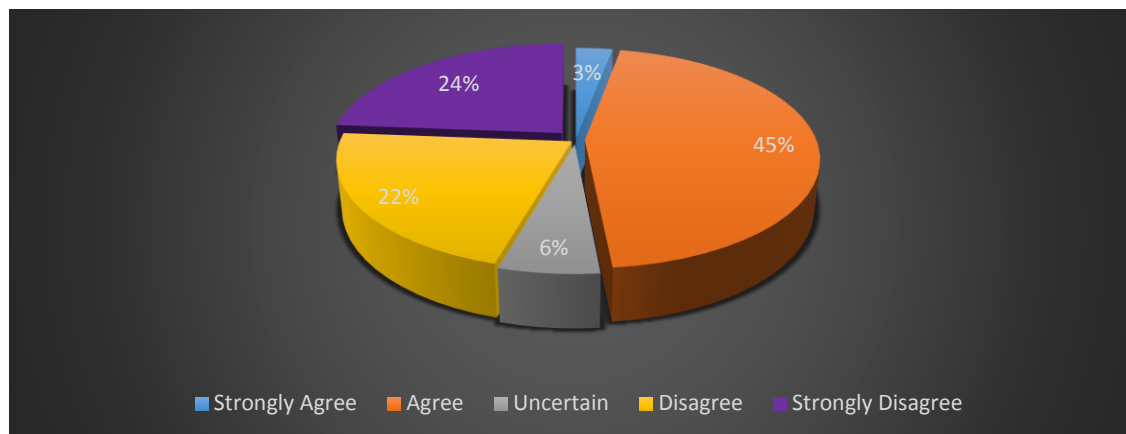
Figure 4.13: Zimbabwe should develop its own set of Public sector accounting standards



This question was asked in order to determine if there should be development of public sector accounting standards in Zimbabwe. As summarised above in figure 4.13, over half of the respondents were in approval with 35% strongly agreeing and 27% agreeing. The level of uncertainty was 6%, 13% disagreed and 19% strongly disagreed. This view of the majority of respondents here is supported by Roje, Vašiček and Vašiček (2010), to keep their national sovereignty, nations should make an effort to develop their own standards which are consistent with the requirements of IPSAS, and the development of such standards is highly probable since they be based on IPSASs.

#### 4.5.5 Feasibility of development of accounting standards in Zimbabwe

Figure 4.14 Feasibility of development of accounting standards in Zimbabwe



This questionnaire sought to ascertain if the development of public sector accounting standards is feasible in Zimbabwe. As precisely shown in figure 4.14 above, 51% of the respondents were of the opinion that local development of public sector accounting standards is a feasible exercise with 45% agreeing and 3% strongly agreeing, 22% strongly felt it was not feasible while 24% were in disagreement and 6% of the respondents being uncertain. This view of the majority of respondents here is supported by Roje, Vašiček and Vašiček (2010), to keep their national sovereignty, various states are now using their own standards which are significantly consistent with the requirements of IPSAS, and the feasibility development of such standards is highly probable since they be based on IPSASs.

#### 4.6 Implementation of IPSASs will positively impact financial reporting in the public sector financial reporting

##### 4.6.1 The IPSASs will improve transparency in the public sector

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Count	15	9	4	5	0	33
Percentage	45%	28%	12%	15%	0%	100%

Table 4.6: IPSASs will improve transparency in the public sector

The aim here was to determine if IPSAS will improve transparency in the public sector. As summarised in table 4.6 above, 45 % of the respondents strongly agreed and 28 % agreed to that IPSAS adoption would bring about transparency in the public sector. Of all the respondents, 12% were uncertain, 15% disagreed and no one strongly disagreed. A majority of 73% approve that the



IPSASs will improve transparency in the public sector. This is supported by Ofoegbu (2014) who asserts that adoption and implementation of IPSASs will improve transparency in the public sector.

**4.6.2 The IPSASs will improve accountability in the public sector**

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Count	17	8	4	4	0	33
Percentage	52%	24%	12%	12%	0%	100%

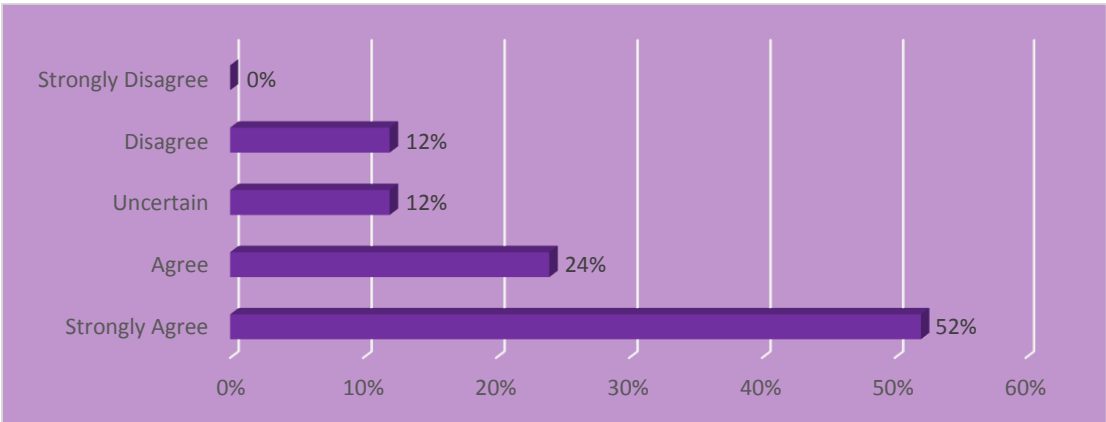
*Table 4.7: IPSASs will improve accountability in the public sector*

The objective of this questionnaire was to ascertain if implementation of these standards will result in improved accountability. As summarised in table 4.7 above, 52% of the respondents were strongly of the view that IPSAS adoption would improve accountability in the public sector, 24% were in agreement and 12% uncertain. None strongly disagreed to this and 12% disagreed. A majority of 76% approve that the IPSASs will improve accountability in the public sector. This is supported by Ofoegbu (2014) who asserts that adoption and implementation of IPSASs will improve accountability in the public sector.

**4.6.3 The IPSASs will improve the quality of internal controls and a good auditing yardstick in the public sector**

The responses of the respondents pertaining to if the IPSASs will improve the quality of internal controls and a perfect auditing yardstick in the public sector are summarised in Figure 4.15 below.

*Figure 4.15: IPSASs will improve the quality of internal controls and introduce a good auditing yardstick in the public sector*

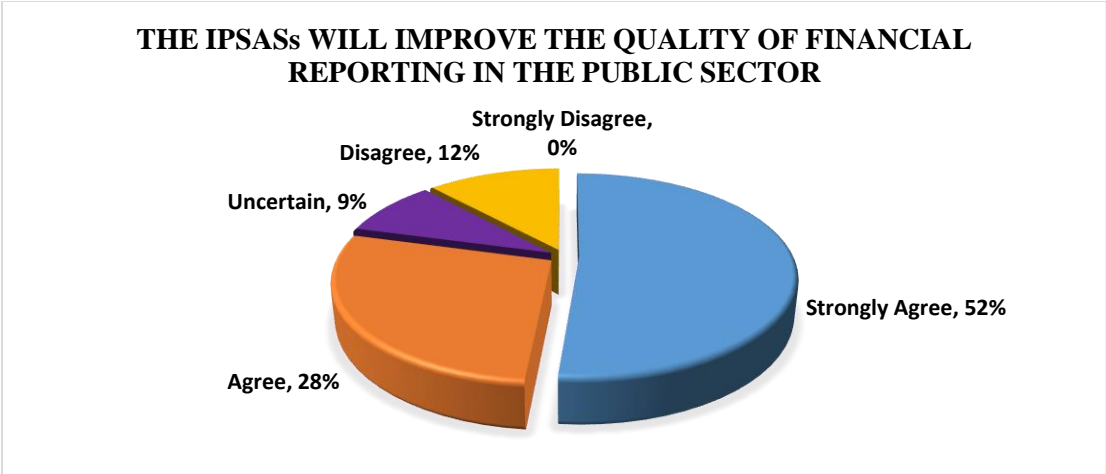


This question sought to ascertain if IPSASs will improve the quality of internal controls and be a good auditing yardstick in the public sector. As summaries above in figure 15, 52% of the

respondents strongly agreed to this, 24% agreed, 12% were uncertain, 12% disagreed and none strongly disagree to if the IPSASs will improve the quality of internal controls and a perfect auditing yardstick in the public sector. A majority of 76% approve that the IPSASs will improve the quality of internal controls and introduce a good auditing yardstick in the public sector. This is buttressed by ICAZ (2010) which concludes that adoption and implementation of IPSASs will improve the quality of internal controls and introduce a good auditing yardstick in the public sector.

**4.6.4 The IPSASs will subsequently improve the quality of financial reporting in the public sector**

*Figure 4.16: The IPSASs will improve the quality of financial reporting in the public sector*

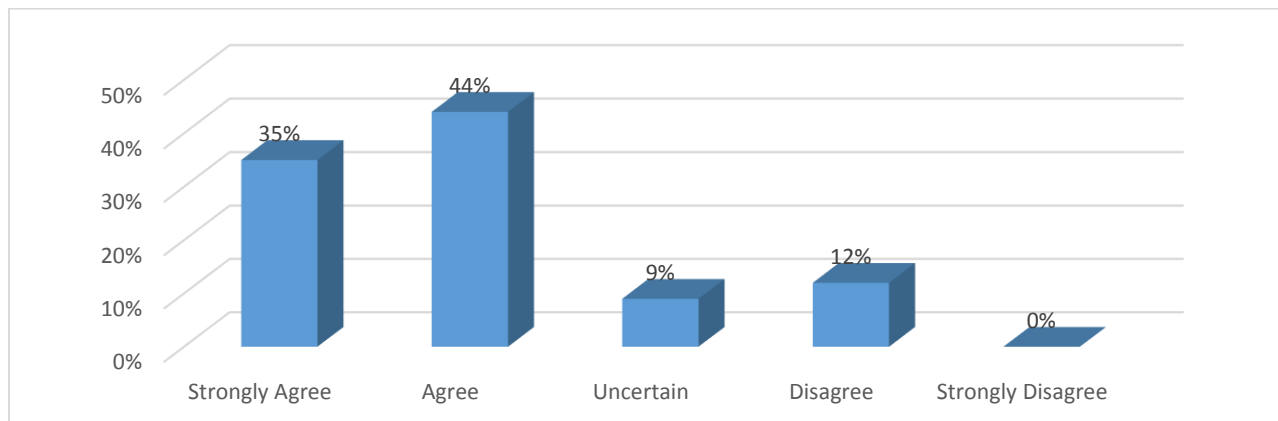


This question sought to ascertain if IPSASs will improve the quality of financial reporting in the public sector. As summarised in figure 4.16 above, 52% strongly agreed, and 28% agreed to that IPSASs has the potential to improve the quality of financial reporting, 9% was uncertain and 12% disagreed while none strongly disagreed. A majority of respondents, 80%, were in approval, Mhaka (2014) also supports this by stressing that IPSAS adoption improves the quality of financial reporting and the management of government debts, both external and internal.

## 4.7 The financial management operations of private sector are plausibly similar to those of the public sector to warrant same accounting techniques for both sectors

### 4.7.1 Similarity of business operations of the private sector and public sector.

*Figure 4.17: Business operations of the private sector and public are plausibly similar to warrant similar management and accounting techniques for both sectors.*

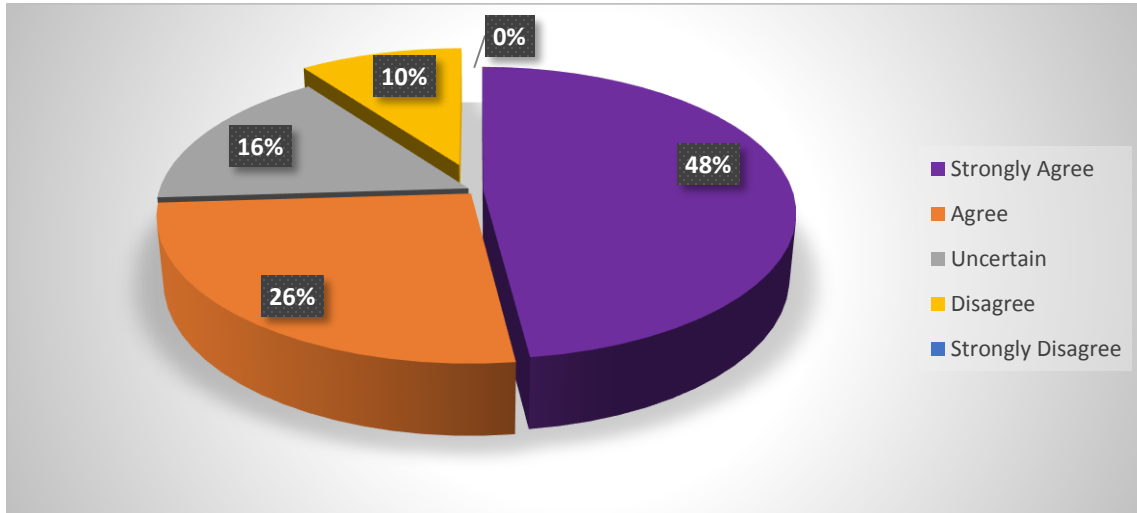


The objective here was to ascertain if business operations of the private sector and public are plausibly similar to warrant similar management and accounting techniques for both sectors. Figure 4.17 precisely highlights that 35% strongly agreed, 44% agreed to the assertion, 36% agreed, 6% were not certain, 4% were in disagreement and 0% strongly disagreed. A total of 79% of the respondents agreed to that business operations of the private sector and public are plausibly similar to warrant similar management and accounting techniques for both sectors. This is also reinforced by Jovanovic (2013) who asserts that in the development of the standards, the IPSASB maintains the requirements of IFRSs text since a majority of public sector reporting requirements are similar to those of the private sector, unless a specific public sector issue absolutely requires departure, additional content is developed or a standard such as IPSAS 22 – Disclosure of Financial Information about General government sector, IPSAS 23 – Revenue from non-exchange transactions and IPSAS 24 – Presentation of Budget Information in the Financial Statements.

## 4.8 Factors that can ensure successful transition to the IPSASs

### 4.8.1 Reasonable implementation timeframe

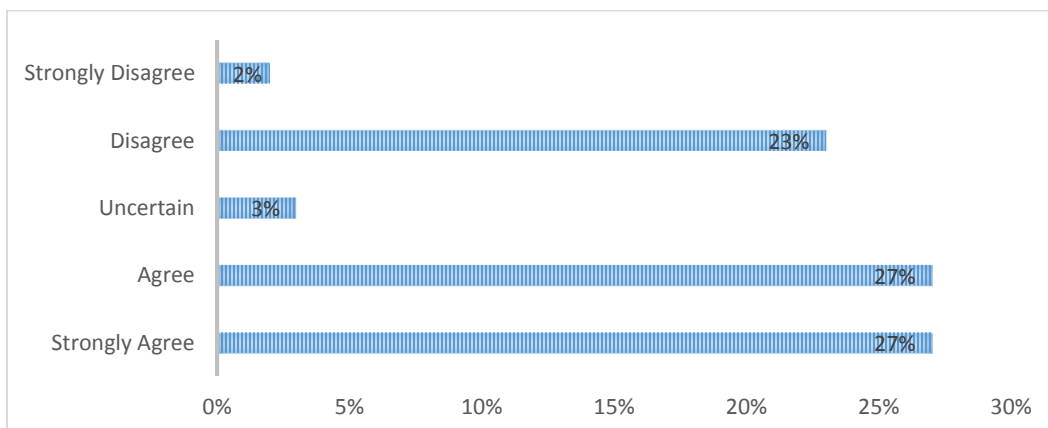
Figure 4.18: Reason implementation timeframe.



The question aimed at establishing on if the respondents were also of the view that IPSASs implementation is a complex initiative and therefore successful implementation requires a reasonable implementation timeframe. As summarised in figure 4.18, 48% of the respondents strongly agreed, 26% strongly agreed, 16% expressed a neutral opinion, 10% disagreed and none strongly disagreed. The overall approval rate stood at 74%. This is also supported by Uduwae (2013) who posits that realistic implementation timeframes instead of over ambitious deadlines should be set.

### 4.8.2 Professional accountants in the Public Sector

Figure 4.19: Professional accountants in the public sector



The question aimed at establishing on if the respondents were also of the view that professional accountants in the Public Sector is a necessary factor in ensuring that IPSASs adoption is successful. As summarised in figure 4.19, 27% of the respondents strongly agreed, 27% strongly agreed, 3% expressed a neutral opinion, 23% disagreed and 2% strongly disagreed. The overall approval rate stood at 74%. This is also supported by Uduwae (2013) who posits that realistic implementation timeframes instead of over ambitious deadlines should be set.

### 4.8.3 IPSAS Tailored Accounting System

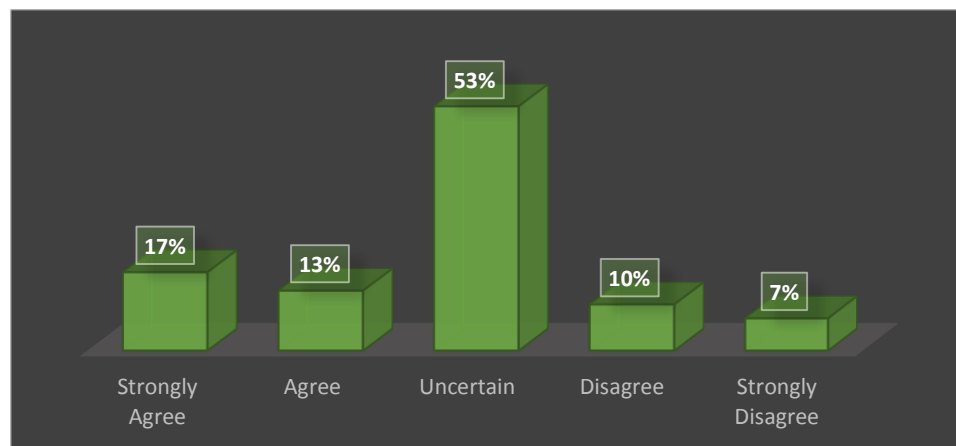
Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Count	14	9	4	3	0	30
Percentage	47%	30%	13%	10%	0%	100%

Table 4.8: IPSAS tailored accounting system

The question sought to establishing on if the respondents were also of the view that an IPSAS tailored accounting system is a necessary factor in ensuring that IPSASs adoption is successful. As summarised in table 4.8, 47% of the respondents strongly agreed, 30% strongly agreed, 13% expressed a neutral opinion, 10% disagreed and 0% strongly disagreed. A total of 77% approves the assertion, this is also supported by Ijeoma and Oghoghome (2014) who asserts that adequate government financial management information system customised for multi-dimensional reporting requirements of accrual based IPSAS is a necessary tool in ensuring successful IPSAS implementation.

### 4.8.4 Functional cash accounting system in place

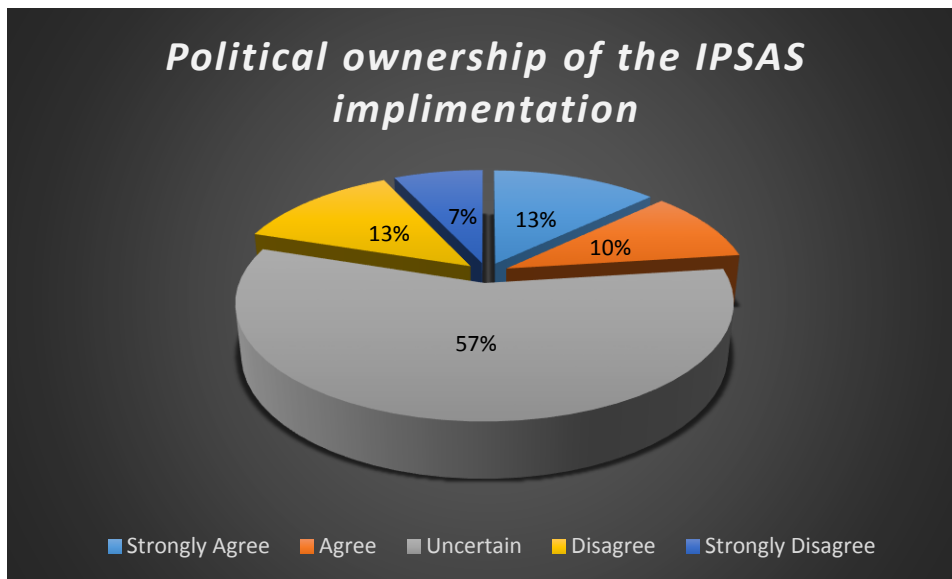
Figure 4.20: A functional cash accounting system in place



This question was designed to ascertain if a functional cash accounting system that already is in place is a necessary factor in ensuring that IPSASs adoption is successful. As precisely shown in figure 4.20 above, 30% of the respondents were of the opinion that a functional cash accounting system in place is a necessary factor in ensuring that IPSASs adoption is successful with 17% agreed and 13% strongly agreed. Also, 7% strongly felt it was not necessary while 10% were in disagreement and 53% of the respondents being uncertain. Despite the high levels of uncertainty in this question, a higher percentage agreed and this is also supported by Ijeoma and Oghoghome (2014) who asserts that an acceptable cash basis system, such as implementation of the transitional cash basis IPSAS, in place is necessary for successful implementation of the accrual IPSAS standards.

**4.8.5 Political ownership of the initiative is a necessary factor in ensuring that IPSASs adoption is successful**

*Figure 4.21 Political ownership of the initiative is a necessary factor in ensuring that IPSASs adoption is successful.*



This questionnaire sought to establish if political ownership of the standards would help assist in the success of their implementation. As precisely shown in figure 4.21 above, 23% of the respondents were of the opinion that political ownership of the initiative is a necessary factor in ensuring that IPSASs adoption is successful with 13% agreeing and 10% strongly agreeing. 7% strongly felt it was not necessary while 13% were in disagreement and 57% of the respondents being uncertain. Despite the high level of uncertainty, compared to disapprovals, 20%, approvals

has a higher proportion of 23% and this is buttressed by Khan and Mayes (2014) who posits that transparent government support of IPSAS adoption is pivotal to the success of the implementation project.

#### 4.9 Summary and Analysis of Interviews

The interviews were held face to face at organisation premises, 6 interviews were scheduled across all the categories of the sample population and 4 were conducted.

##### 4.9.1 Interview Response Rate

Out of the six interviews were scheduled, the researcher only managed conduct four. These were carried out to corroborate information obtained through the questionnaires. The interviews were designed to interview respondents from all the categories of the sample and the researcher failed to conduct interviews with management and accountants with a professional qualification because of other commitments they were engaged on. The interview response rate is summarised below in Table 4.9.

Category	Interview Scheduled	Interview Conducted	Response Rate
Bookkeepers	1	1	100%
Public Sector Accountants	1	1	100%
Internal Auditors	1	1	100%
Academics	1	1	100%
Council Management	1	0	0%
Accounting Professionals	1	0	0%
<b>Totals</b>	<b>6</b>	<b>4</b>	<b>67%</b>

*Table 4.9: Interview Response Rate*

##### 4.9.2 Duration of years the respondents have been employed in the public sector accounting related profession.

The question sought to determine the number of years of experience of the respondents so as to evaluate the reasonableness of their knowledge about public sector accounting. The average years of experience of the 4 respondents is 7 years, and 3 of these have more than 5 years of experience. A majority of the interview respondents have reasonable knowledge of public sector accounting enriching the findings of this research. This was shared by respondents on question 4.4.1 in the questionnaire, 76% of the respondents have spent 5 years and more. The majority of questionnaires

were responded to by people with reasonable experience of practical accounting related issues thus substantiating the credibility of findings in this study.

#### **4.9.3 Adoption of private sector financial accounting techniques in public sector**

The interview sought to determine if the respondents are of the view point that public sector organisations such as BBTC should adopt private sector financial management and accounting techniques. Three of respondents were of the view that the public sector should private sector management and accounting techniques some citing the success that private sector has earned and one respondent was uncertain. Related questions in question 4.4.3 were asked in the questionnaire and attained an average approval rate of 44%. This is supported by ICAZ (2012) which concludes that despite the differences between the sectors, the business like part of the public sector can appropriately be addressed by the accrual IPSASs.

#### **4.9.4 Implementation of accrual IPSASs by the public sector in place of the traditional cash basis**

The question sought to ascertain if the respondents agree with that the public sector organisations like BBTC should abandon the cash basis of accounting and adopt IPSASs. Of the 4 respondents, 3 respondents agreed to that IPSASs adoption was the right direction with an individual being against this move arguing that the public sector and private sector are different and should therefore maintain different accounting techniques. This view was shared by respondents on question 4.4.3 were 42% of the respondents agreed to that the public sector should adopt IPSAS. This is buttressed by the IASB (2010) which asserts that the accrual basis of accounting seized to be an assumption and became mandatory for all IFRS based financial reporting as required by the Conceptual Framework 2010 because according to Mayes and Khan (2009) accrual accounting has proven to be a reliable basis upon which to base financial records for both private and public sector entities.

#### **4.9.5 Since the Beitbridge town council is already implementing IPSASs, will this initiative positively impact its financial reporting**

This the question was asked so as to determine, based on the current implementation of IPSASs by BBTC, if IPSASs adoption will positively impact public sector financial reporting and therefore improve transparency and accountability. Two respondents agreed to this statement while one was uncertain and the other maintaining that the private sector and the public sector should maintain



different accounting techniques. An 80% response rate from question 4.6.4 on questionnaires agreed the adoption of IPSAS will positively, and significantly improve public sector financial reporting. Mhaka (2014) also supports this by concluding that IPSAS adoption improves the quality of financial reporting and the management of government debts, external and internal.

#### **4.9.6 The problems such as the untimely preparation of financial statements, high volume of errors, complications with consolidation procedures of IPSAS prepared council statements with IFRS prepared GBE statements are attributable to IPSAS implementation.**

Sought here was to investigate on if the respondents were also of the view that the problems such as the untimely preparation of financial statements, high volume of errors, complications with consolidation procedures of IPSAS prepared council statements with IFRS prepared GBE statements are attributable to IPSASs implementation. All the respondents, 4 out of 4, agreed to this some explaining that every new initiative is bound to cause problems on first time adoption while some were of the view that the standards are not appropriate for the public sector. Also cited as causing such drawbacks was the general lack of professional accountants in the public sector, inadequate training and limited management involvement and commitment. Related questions asking on the same issues, from questionnaire 4.4.4, 4.4.5 and 4.4.6 in the questionnaires were asked and attained an average approval rate of 55%. This is supported from information obtained in secondary data from the Internal audit report (2014) that supports that there were complications with the consolidation procedures as per the requirement of IPSAS 6 due to that the business entities (GBE) that it controls use a different accounting basis, the IFRSs, while the parent entity is using a different set of IPSAS standards. Also, highlighted is that during the cash bases system IFRSs were partly applied to revenue recognition during the billing process but since the implementation of the IFRSs based IPSASs, it has become a requirement across various transactions requiring a complete turnover of its accounting system and this has resulted in errors evidenced in the incomplete accounting for income taxes and PPE.

#### **4.9.7 Development of local public sector accounting standards in Zimbabwe**

The main reason for this interview question was to establish whether the Zimbabwean society should develop its own set of sector of public sector accounting standards. All the respondents also agreed to this putting forward that this would bring forth sovereignty, addressing of specific Zimbabwean public sector issues in development of standards and the flexibility of adjustments when need arises. The same question was asked in questionnaire 4.5.4 resulted in an approval rate

of 76% to that legal acts need to be reviewed for tailoring them to IPSASs. This is also supported by Ofoegbu (2014) who asserts that there should be made an effort to enshrine the requirements of accrual IPSASs into regulatory frameworks.

#### **4.9.8 The feasibility of development of public sector accounting standards in Zimbabwe**

The objective here was to ascertain if such an initiative could be feasible in Zimbabwe. Two of the respondents were of the opinion that it is not feasible while the other half were of the view that the initiative is feasible supporting their arguments by that some African countries like South Africa have developed their own. A similar question was asked in the questionnaire 4.4.5 and it attained an approval rate of 51%, This view of the majority of respondents here is supported by Roje, Vašiček and Vašiček (2010), to keep their national sovereignty, various states are now using their own standards which are significantly consistent with the requirements of IPSAS, and the development of such standards is highly probable since they be based on IPSASs.

#### **4.9.9 Similarities of Financial management and business operations of the public sector and the private sector plausibly similar and if these warrant adoption of same accounting techniques**

Sought here was to establish whether the respondents were of the view that financial management and business operations of the public sector and the private sector plausibly similar to warrant adoption of same accounting techniques. One maintains that the sectors are plausibly different and thus should be addressed differently. Three of the respondents are of the view that there is no much difference in financial management and business operations of the public sector and the private sector. They all argue that accrual accounting has for long been practiced in the public sector through application of IFRSs accounting principles, both directly and indirectly. This is also reinforced by Jovanovic (2013) who asserts that in the development of the standards, the IPSASB maintains the requirements of IFRSs text since a majority of public sector reporting requirements are similar to those of the private sector, unless a specific public sector issue absolutely requires departure, additional content is developed or a standard such as IPSAS 22 –Disclosure of Financial Information about General government sector, IPSAS 23 – Revenue from non-exchange transactions and IPSAS 24 – Presentation of Budget Information in the Financial Statements.

#### **4.9.10 Issues that should be addressed before implementation of the accounting standards to ensure success**

The interview question sought to explore on what the respondents thinks would be necessary for the implementation of IPSASs to be a success. The respondents sighted training and management involvement and monitoring. This is maintained by Ofoegbu (2014) who is the view that there is need for adequate training of public accountants both in financial reporting and IT, cooperation between accountants from all sectors and the inclusion of IPSASs in tertiary education curriculums.

#### **4.11 Chapter Summary**

The chapter highlighted the research findings, the researcher used tables, pie charts and charts for presentation and ease of interpretation of these data findings. These findings paves a way and a basis upon which conclusions and recommendations will be derived in the next chapter.

## **CHAPTER FIVE**

### **Summary, Conclusion and Recommendations**

#### **5.0 Introduction**

In this final chapter of the research paper, the study is summarised, conclusions are drawn from the research findings in chapter four, recommendations on the subjects under probe are passed and an area of further study is suggested.

#### **5.1 Chapter Summaries**

The study mainly sought to investigate on the appropriateness of introducing private sector management and accounting techniques through the adoption of the IFRS based accrual IPSAS standards to the public sector, among the other objectives was to ascertain if the implementation of these standards would result improved financial reporting in the BBTC and the public sector in general. The research was sparked by, in the first financial year of IPSAS implementation, untimely preparation of financial statements, increasing volume of errors, consolidation complications of GBE IFRSs prepared statements with municipal IPSAS prepared and non-compliance with various IPSAS provisions. The researcher also sought to ascertain if there a need for development of local public sector standards that are in line with the specific Zimbabwe's legal framework and its specific public sector context, if financial management operations of private sector plausibly similar to those of the public sector to warrant same accounting techniques for both sectors and factors that can ensure a smooth transition from the old cash basis system of accounting to full accrual based system.

##### **Chapter One**

The chapter commenced with an introduction and the background upon which the research was conducted, the chapter also looked the statement of the problem, the research objectives and research questions. The chapter also looked at the significance of the research, assumptions of the research, delimitations, limitations, abbreviations and definition of terms.

##### **Chapter Two**

In part addressing the objectives, the researcher also considered related literature mainly from journals in the second chapter. This chapter looked at related literature to the issues pertaining to

IPSAS adoption and as an introduction of private sector accounting and financial management techniques to the private sector.

### **Chapter Three**

The chapter outlined data collection procedures and data analysis techniques to be employed. The research as described in the third chapter made use of both exploratory and descriptive. In addition to the questionnaires, the researcher also used personal interviews to corroborate findings from questionnaires. The questionnaires were administered to a sample population of 44 respondents made up of academics, professional accountants and accountants (treasurers), bookkeepers, internal auditors and administrators in the public sector of which 33 were returned representing a response rate of 75%. The discrepancy in the number of distributed questionnaires and those returned was due to, among other reasons, unavailability of respondents on day of collection, other claiming to have forgotten and tight work schedules.

### **Chapter Four**

The chapter provided an analysis of data collected respondents. The research findings were presented and analysed through the use of tables and charts in the fourth chapter.

## **5.2 Research Findings**

**To explore the appropriateness of the private sector management and accounting techniques as adopted by IPSASs, to Beitbridge town council a public sector entity.**

The study reveals that IPSASs are appropriate to the public sector, also cited as a drawback to implementation of these standards is the general lack of professional accountants in the public sector, inadequate training and limited management involvement and commitment. This is also asserted to by the IPSASB (2015) which highlights that in the development of the accrual IPSASs the IPSASB maintains the IFRS text on applicable issues, public sector specific issues such as budget reporting that are addressed by the development of further material in the standards and additional standards. Uduwae (2013), also asserts that a sound cash basis system that has the capability to produce dependable financial information is an essential foundation upon which transitional programs can be built including adequate technical resources, realistic implementation timeframes and appropriate information system

**To explore whether there might be a need for development of IPSAS based standards that are in line with the specific Zimbabwe's legal framework and its specific public sector context.**

The study reveals that Zimbabwe should develop its own set of public sector accounting standards. The development of local standards is highly likely a tough project to get underway. The legal framework should be reviewed and be tailored with IPSAS. Compliance with all the requirements of IPSASs would result in the effecting aspects that are ultra vires local legislations. This is also supported by Ofoegbu who asserts that there should be made an effort to enshrine the requirements of accrual IPSASs into regulatory frameworks.

**To ascertain whether the implementation of IPSASs will positively impact financial reporting in the public sector financial reporting.**

The study also reveals that IPSASs has the potential to significantly improve the quality of public sector financial reporting. The adoption of IPSASs will improve the quality of internal controls and bring forth a good auditing yardstick in the public sector. The study also reveals that transparency and accountability will improve, the average approval rate being. This finding is supported by KPMG (2013) which asserts that accrual accounting has a positive impact on the quality of general purpose financial reporting by public sector entities, resulting in improved informed assessments of the resource allocation decisions made by governments and other users of the information, thereby increasing transparency and accountability.

**To ascertain if the financial management operations of private sector are plausibly similar to those of the public sector to warrant same accounting techniques for both sectors**

The study reveals that the financial management operations of private sector are plausibly similar to those of the public sector to warrant same accounting techniques for both sectors. Also, for different aspects which are specifically peculiar to the public sector, the IPSASB develops respective standards, for example IPSAS 22 –Disclosure of Financial Information about General government sector, IPSAS 23 – Revenue from non-exchange transactions and IPSAS 24 – Presentation of Budget Information in the Financial Statements. This is supported by Jovanovic (2013) who asserts that in the development of the standards, the IPSASB maintains the requirements of IFRSs text since a majority of public sector reporting requirements are similar to those of the private sector, unless a specific public sector issue absolutely requires departure,

additional content is developed or a standard such as IPSAS 22 –Disclosure of Financial Information about General government sector, IPSAS 23 – Revenue from non-exchange transactions and IPSAS 24 – Presentation of Budget Information in the Financial Statements.

### **To ascertain factors that can ensure a successful transition to the IPSASs.**

The study reveals that a successful transition to the new standards would require a sound cash basis system in place, the availability of qualified professional accountants, adequate technical resources, realistic implementation time frames, appropriate information system, convergence of Acts with IPSAS and transparent governmental support. This buttressed by Khan and Mayes (2014) who asserts that the following conditions would be necessary for successful implementation of the IPSAS standards, an acceptable cash basis system of accounting already in place, central implementation officials such as professional accountants and information systems specialists and the capacity to recruit such professionals, dedication and total support from the political executives and adequate government financial management information system customised for multi-dimensional reporting requirements of accrual based IPSAS

### **5.3 Conclusion**

Based on the findings in this study, private sector management and accounting techniques which are adopted by the accrual basis IPSASs can be employed in the public sector. The problems encountered by BBTC such as the untimely preparation of financial statements, high volume of errors, consolidation of IPSAS prepared council statements with IFRS prepared GBE statements are more attributable the general lack of professional accountants in the public sector, inadequate training and limited management involvement and commitment. The financial management operations of private sector are plausibly similar to those of the public sector to warrant same accounting techniques for both sectors and IPSASs adoption will the quality financial reporting in the public sector. The research objectives were met, therefore the research was a success.

### **5.4 Recommendations**

From the results of this study, the researcher makes the following recommendations.

- Efforts should be made to fully implement IPSAS accrual basis standards since the standards has the potential to significantly improve public sector transparency, accountability and the quality financial reporting. Mhaka (2014) supports this by

concluding that IPSAS adoption improves the quality of financial reporting and the management of government debts, external and internal.

- Adopting the transitional cash basis IPSASs before moving to accrual standards. This is also supported by Ijeoma and Oghoghome (2014) who asserts that an acceptable cash basis system, such as implementation of the transitional cash basis IPSAS, in place is necessary for successful implementation of the accrual IPSAS standards.
- Adequate training of public sector accounting personnel on both cash and accrual bases of IPSAS before and during the implementation phase of the standards and cooperation between private sector accountants and public sector accountants. The curriculum of the tertiary institutions can also reviewed to incorporate IPSAS requirements. This is maintained by Ofoegbu (2014) who is the view that there is need for adequate training of public accountants both in financial reporting and IT, cooperation between accountants from all sectors and the inclusion of IPSASs in tertiary education curriculums.
- Management (higher government officials) commitment and government ownership of the implementation initiative. This buttressed by Khan and Mayes (2014) who posits that transparent government support of IPSAS adoption is pivotal to the success of the implementation project.
- Convergence of statutes with IPSASs, this will also ensure a smooth transition. This recommendation is supported by Ofoegbu who asserts that there should be made an effort to enshrine the requirements of accrual IPSASs into regulatory frameworks.

### **5.5 Areas of Further Study**

The researcher ascertained that, even though the majority of responses were of the view that there should be development of public sector accounting standards in Zimbabwe, a much comprehensive study on the feasibility this project is necessary. A further study is therefore recommended on the feasibility of development of local public sector accounting standards in the public sector in Zimbabwe.



## **REFERENCE LIST**

- Aboagye, H. (2007) *Adoption of IPSAS in Ghana - Prospects, challenges and the way forward*, PricewaterhouseCoopers, Accra
- Adriana, T. T. and Alexandra, M. (2006) *Cash Versus Accrual Accounting in Public Sector*, Social Science Research Network, <http://papers/ssrn/com> Accessed on 02 March 2015 at 2000hrs.
- Ball, L. and Plugraht, G. (2012) *Government Accounting Making Enron Look Good*, World Economics Vol.13, No 1. January – March
- Bunea-Bontas C, A and Petre, M, C. (2009) *Arguments for introducing accrual based accounting in the public sector*, Munich Personal RePEc Archive, Paper No. 18134, Available at <http://mpra.ub.uni-muenchen.de/18134> Accessed on 21 February 2015 at 1900hrs
- Chan, J. L. (2008) *International Public Sector Accounting Standards: Conceptual and Institutional Issues*
- Christiaens, J., Vanhee, C., Manes-Rossi, F., Aversano, N. and Van Cauwenberge, P. (2014) *The effect of IPSAS on reforming governmental financial reporting: an international comparison*, International Review of Administrative Sciences, available at [ras.sagepub.com](http://ras.sagepub.com), accessed 09 January 2015 at 2030hrs
- Christianens, J., Windels, P. and Vanslembrouck, S. (2004) *Accounting and Management Reform in Local Authorities: A Tool for valuating empirically the Outcomes*; Faculteit Economie, Universiteit Gant.
- Cooper, D. R. and Schindler, P. S. (2011). *Business Research Methods*, 11<sup>th</sup> edition, McGraw-Hill Higher Education, New York
- Davies, O. (2006) *Exploratory Research*, SagePub, <http://srmo.sagepub.com>, 20 March 2015 at 2000hrs
- Deloitte. (2013) *IPSAS in your pocket booklet*, Deloitte Accountants, Rotterdam
- Earnest and Young. (2014) *IPSAS outlook*, <http://www.ey.com> Accessed 12 February 2015 at 0900hrs
- EU. (2013) *EPSAS debates continue at FEE roundtable*, Wiley Insight, <http://www.wileyinsights.org> Accessed 12 February 2015 at 2030hrs
- ICAZ. (2012) *Action Plan Developed by Institute of Chartered Accountants of Zimbabwe*, viewed at: [http://www.ifac.org/ComplianceAssessment/published\\_surveys](http://www.ifac.org/ComplianceAssessment/published_surveys) Accessed 11 February 2015 at 2000hrs
- ICAZ. (2010) *IPSAS and role of the accountancy profession*, <http://www.icaaz.org.zw> Accessed 12 February 2015.
- IFAC. (2003) *Transition to the accrual basis of accounting: Guidance for governments and government entities*, available at <http://www.ifac.org/public-sector>, Accessed on 21 February 2015

- IFAC. (2012) <http://www.ifac.org/public-sector> Accessed on 04 February 2015 at 2100hrs
- IFAC. (2015) *About the IPSASB*, Available at <http://www.ifac.org/public-sector> Accessed 04 February 2015 at 1300hrs
- IIA Global. (2011) *Supplemental Guidance: Public Sector Definition*, The Institute of internal Auditors, Altamonte Springs
- Ijeoma and Oghoghome. (2014) *IPSAS and Nigerian Public sector: a challenge of first time adopters*
- IPSAS. (2012) *Preface to international public sector accounting standards*, preface 22, <http://www.ifac.org/public-sector> Accessed on 21 February 2015 at 1400hrs
- IPSASB. (2012) *Handbook of International Public Sector Accounting Pronouncement*. Volume 1, IFAC, New York
- Iyika, P. I. (2011) *The Adaptability of Accrual Accounting in the Public Sector*, Available at <http://www.scribd.com>, Accessed on 01 March 2015 at 2100hrs
- Jovanic, T (2013) *public sector accounting reform*, Available at <http://www.nispa.org/files>, accessed 18 February 2015 at 2100hrs
- Khan, A and Mayes, S. (2009) *Transition to Accrual Accounting*, International monetary fund, Washington, DC
- KPMG. (2013) *International Public Sector Accounting Standards: Africa Implementation Survey Results*, Available at <http://www.kpmg.com>, accessed 05 February 2014 at 2120hrs
- Leedy, P. D & Ormrod, J. E. (2005) *Practical Research Methods: Planning and Design*, 8<sup>th</sup> edition, Pearson Prentice Hall,
- Malahleha, R. (2012) *Implications of adopting and implementing IPSAS*, KPMG, Johannesburg
- Martins, V. W. (2011) *Practical challenges in IFRS implementation. What bank regulators need to know?*, IFRS International conference-Nigeria KPMG
- McFie, J. (2013) *Implications of International Public Sector Accounting Standards (IPSASs) on County Financial Management Reporting*, Strathmore University, Strathmore, <http://www.icpak.com>, Accessed on 03 February 2015 at 2000hrs
- Mhaka, C. (2014) *IPSAS, A Guaranteed Way of Quality Government Financial Reporting? A Comparative Analysis of the Existing Cash Accounting and IPSAS Based Accounting Reporting*, International Journal of Financial Economics, Vol. 3, No. 3, viewed 3 March 2015, Research academy of social sciences.
- Mudariki, G. (2012) *Government to comply with IPSAS*, Zimbabwe Independent, 14 September 2012, viewed 03 February 2015 at 1400hrs

Nkundabanyanga, S, K., Tauringana, V., Balunywa, W and Emitu, S, N. (2013), *The Association Between accounting standards, legal framework and the quality financial reporting by a government Ministry in Uganda*. Emerald Insight

Ofoegbu, G. N. (2014) *New Public Management and Accrual Accounting Basis for Transparency and Accountability in the Nigerian Public Sector*, *IOSR Journal of Business and Management*, Volume 16, Issue 7. Ver. III (July. 2014), PP 104-113

Okolieaboh, S. (2013) *IPSAS: An African odyssey*, 21 MARCH 2013, AforBizNews

Olufemi, F. J and David, A. K. (2010) *Journal of Sustainable Development in Africa* (Volume 12, No.8, 2010), ISSN: 1520-5509, Clarion University of Pennsylvania, Clarion, Pennsylvania

Pollitt, C., van Thiel S and Homburg, V. (2007) *New Public Management in Europe: adaptations and alternatives*, Palgrave MacMillan, Basingstoke.

Public Finance Management Act Chapter 22:19, 2009

PWC. (2009) *Introduction to International Public Sector Accounting Standards*, [http://www.pwc.com/en\\_KE/ke/pdf/ipsas-flier.pdf](http://www.pwc.com/en_KE/ke/pdf/ipsas-flier.pdf) Accessed 20 February 2015 at 2200hrs

PWC. (2013) *Global survey on accounting and reporting by central governments: Towards a new era in government accounting and reporting*, <http://www.pwc.com> Accessed on 21 February 2015 at 2215hrs

Ranchod, N. (2012) *GRAP / IFRS Comparing apples with apples*, Deloitte, Johannesburg

Roje, G., Vašiček, D and Vašiček, V. (2010) *Accounting Regulation and IPSAS Implementation: Efforts of transition countries toward IPSAS compliance*, *Journal of Modern Accounting and Auditing* Vol.6, No.12 (Serial No.67).

Shah, A. (2007), *Introduction to the Public Sector Governance and Accountability Series: Performance accountability and combating corruption*, THE WORLD BANK , Washington, D.C., [www.worldbank.org](http://www.worldbank.org) Accessed on 21 February 2015 at 2200hrs

Tudor, A. T and Mutiu, A. (2006) *cash versus accrual accounting in public sector*, <http://ssrn.com/abstract=906813>, Accessed 18 February 2015 at 2100hrs

Uduwae, O. (2013) *Transition to IPSAS – Achieving a Successful and Seamless IPSAS Adoption in Nigeria*, [www.deloitte.com](http://www.deloitte.com), Accessed 18 February 2015 at 2000hrs

WHO. (2013) *IPSAS benefits to WHO*, World health organisation, Geneva

## **Appendix I**

Midlands State University  
Department of Accounting  
B Bag 9055  
Gweru

31 March 2015

Dear Sir/Madam

### **RE: Questionnaires of a research study**

I am a fourth year student studying an Honours Degree in Accounting at the Midlands State University in Gweru, Zimbabwe. I am currently carrying out a research project entitled, a critical analysis into the implementation of private sector management and accounting techniques to the public sector. I am using Beitbridge Town council as my case study.

You are kindly requested to fully attend to the various issues which the questionnaire intends to address. Please note that you are not required to indicate any of your personal details specifically your name, as such all your response are specifically for academic purposes and the responses will be treated with strict confidentiality

If a need for clarifications may arise pertaining to the questionnaires and of any other related issue, my contact details are as follows, mobile number: +263774783280 and email address: clarancetdube@gmail.com. Your cooperation and completion of the questionnaires will be highly appreciated.

**Yours Faithfully**

**Clarence T Dube**

**Appendix II**

**Questionnaires**

***Instructions:***

- 1. Please indicate how strong you agree or disagree with the following statements making use of the various provided scales by ticking on the appropriate box.*
- 2. Do not write your name on the questionnaire.*
- 3. Answer all questions across all sections.*

**SECTION I – Demographic Particulars**

1. Years of experience in the accounting profession:

*Less than 5 years*  *5 years and more*

2. Years of work experience in the public sector:

*Less than 5 years*  *5 years and more*

3. Section in the Organisation:

*Finances*  *Internal Audit*  *Management*

4. Job Title:

*Bookkeeper*  *Treasurer*  *Internal Auditor*

*Academia*  *Administrator*  *Other (specify below)*

.....  
.....

**Section II – Specific research questions**

5. The Beitbridge Town Council implemented IPSASs in 2013: Are these IFRSs converged standards appropriate for the public sector

Strongly Agree  Agree  Uncertain  Disagree  Strongly Disagree

6. The following problems being faced by the organisation are in line with IPSAS adoption:

	Strongly agree	agree	uncertain	disagree	Strongly disagree
Untimely preparation of financial statements					
High volumes of errors in the Financial records					
Consolidation of statements with those of GBEs					
Inappropriate accounting package					

7. Full compliance with all the requirements of IPSASs would results in the effecting aspects that are ultra vires local legislations.

Strongly Agree  Agree  Uncertain  Disagree  Strongly Disagree

8. The public sector should adopt private sector financial managing techniques.

Strongly Agree  Agree  Uncertain  Disagree  Strongly Disagree

9. The public sector should adopt private sector accrual accounting techniques.

Strongly Agree  Agree  Uncertain  Disagree  Strongly Disagree

10. Business operations of the private sector and public are plausibly similar.

Strongly Agree  Agree  Uncertain  Disagree  Strongly Disagree

11. The similarities warrant similar management and accounting techniques for both sectors.

Strongly Agree  Agree  Uncertain  Disagree  Strongly Disagree

12. Zimbabwe should develop its own set of Public sector accounting standards.

Strongly Agree  Agree  Uncertain  Disagree  Strongly Disagree

13. The development of these standards is feasible in Zimbabwe.

Strongly Agree  Agree  Uncertain  Disagree  Strongly Disagree

14. The legal governing acts must be reviewed and be tailored to IPSASs

Strongly Agree  Agree  Uncertain  Disagree  Strongly Disagree

15. There is a need for abandoning the cash basis of accounting for accrual IPSASs accounting.

Strongly Agree  Agree  Uncertain  Disagree  Strongly Disagree

16. The IPSASs plausibly address public sector specific issues

Strongly Agree  Agree  Uncertain  Disagree  Strongly Disagree

17. The IPSASs will improve transparency in the public sector

Strongly Agree  Agree  Uncertain  Disagree  Strongly Disagree

18. The IPSASs will improve accountability in the public sector

Strongly Agree  Agree  Uncertain  Disagree  Strongly Disagree

19. The IPSASs will improve the quality of internal controls and a good auditing yardstick in the public sector

Strongly Agree  Agree  Uncertain  Disagree  Strongly Disagree

20. The IPSASs will subsequently improve the quality of financial reporting in the public sector

Strongly Agree  Agree  Uncertain  Disagree  Strongly Disagree

21. IPSASs implementation is a complex initiative and therefore successful implementation requires a reason implementation timeframe.

Strongly Agree  Agree  Uncertain  Disagree  Strongly Disagree

22. The following are necessary factors to ensure that IPSASs implementation is successful:

	Strongly agree	agree	uncertain	disagree	Strongly disagree
Professional accountants in the Public Sector					
IPSAS Tailored Accounting System					
Functional cash accounting system in place					
Plausible IT skills among accounting staff					
Political ownership of the initiative					

## **Appendix III**

### **Interview Guide**

1. How long have you been employed in the public sector?
2. Should the public sector adopt private sector financial managing and accounting techniques?
3. Should the public sector abandon the old cash basis system for the accrual IPSASs?
4. Since the Beitbridge town council is already implementing IPSASs, will this initiative positively impact its financial reporting?
5. Are the problems such as the untimely preparation of financial statements, high volumes of errors, consolidation procedures of IPSAS prepared council statements with IFRS prepared GBE statements?
6. Should Zimbabwe develop its own set of public sector accounting standards instead implementing IPSASs?
7. Is the development of local standards feasible in Zimbabwe?
8. Are the financial management and business operations of the public sector and the private sector plausibly similar to warrant adoption of same accounting techniques?
9. What issues should be addressed before implementation of the accounting standards to ensure success?