

Public Sector Accounting: A Theoretical and Global Perspective, With a Focus on Zimbabwe

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DOI: <https://doi.org/10.51584/IJRIAS.2024.910049>

Received: 15 October 2024; Accepted: 21 October 2024; Published: 25 November 2024

ABSTRACT

This paper explores the key areas of public sector accounting, adoption of International Public Sector Accounting Standards (IPSAS) and the importance of standardized accounting practices to enhance transparency and accountability. The focus is on global trends, regional practices particularly on current status of Zimbabwe. Zimbabwe public sector accounting faces significant challenges, including inadequate financial transparency and accountability mechanisms. The country ranks low in cybersecurity, which further complicates financial management and data integrity. The study reviews theoretical approaches to public sector accounting, critical insights into financial transparency, accountability, governance and advancements.

Research Method

The study employed mixed methods involving a comprehensive literature review using thematic themes, interviews, and questionnaire surveys. Data were analyzed based on themes with the help of Excel to identify existing knowledge, trends, and challenges in public sector accounting.

Findings

Zimbabwe has been slow to adopt these standards, which hampers its financial reporting and governance. In addition, Zimbabwe faces challenges implementing IPSAS in the following areas: capacity building, governance, and investment in technology. In the Southern African region, the emphasis on improving public financial management systems is growing. Countries are increasingly focusing on integrating technology to enhance financial reporting and accountability. The key challenges identified were limited resources, lack of skilled personnel, and insufficient political will to implement necessary reforms. These factors contribute to the inefficiency of public financial management in Zimbabwe.

Recommendations

Zimbabwe should prioritize the adoption of IPSAS to improve its public sector accounting practices and enhance financial transparency. There is a need for training programs to develop the skills of public sector accountants and financial managers in Zimbabwe. In addition, implementing robust governance frameworks that promote accountability, transparency in public financial management, and invest in technology to improve financial reporting systems and cybersecurity measures.

Keywords: Public sector accounting, global trends, regional practices, Zimbabwe, financial transparency, accountability, IPSAS, public financial management.

INTRODUCTION

Public sector accounting is critical for ensuring the transparency, accountability, and efficiency of government operations. It involves the recording, reporting, and auditing of financial activities undertaken by public entities. Unlike private sector accounting, which focuses on profitability, public sector accounting is concerned with stewardship of public funds and compliance with public financial management frameworks. The concept of applying public sector accounting in most government in the world is still at infant stage with most

countries still yet to implement it. Zimbabwe is one of the countries at infant stage to in cooperate public sector accounting in the system. The scope of this paper includes a theoretical exploration, a global and regional review, and a discussion of the current status in Zimbabwe.

Theoretical Frameworks in Public Sector Accounting

They are various theories involved in public sector accounting which facilitates in understanding and implementing the practices into the government systems. Some of the theories include stewardship theory, agency theory and concept of new public management.

Stewardship Theory

Stewardship theory postulates that public managers, as stewards of public resources, are motivated to act in the best interests of the public. This theory underpins many public sector reforms aimed at improving transparency and accountability (Davis et al., 1997). In addition, agency theory contributes to the practice of public sector accounting.

Agency Theory

Agency theory is based on the principal-agent relationship, where public officials (agents) are accountable to the public (principals). This theory highlights the need for robust auditing and reporting mechanisms to ensure that agents act in the public's best interests (Jensen & Meckling, 1976).

New Public Management (NPM)

NPM focuses on the adoption of private sector practices in the public sector, emphasizing efficiency, performance metrics, and outcome-based management. This theory has influenced many global reforms in public accounting, particularly in developed countries (Hood, 1991).

Global Perspectives

Public Financial Management (PFM) Reforms

Various countries have adopted PFM reforms to modernize their public sector accounting practices. For example, the adoption of accrual accounting in the public sector has been widely promoted by international organizations such as the International Public Sector Accounting Standards Board (IPSASB). Countries like Australia, New Zealand, and the UK have been pioneers in this shift, adopting accrual-based financial reporting to improve transparency and accountability (IPSASB, 2021; OECD, 2020).

Accrual vs. Cash Accounting

The debate between accrual accounting and cash accounting is central to public sector reforms. Accrual accounting provides a more comprehensive view of a government's financial position, whereas cash accounting is simpler but less informative. Globally, many countries have transitioned to accrual accounting in pursuit of greater financial transparency (Christiaens et al., 2015; PWC Report, 2019).

Regional Perspectives (Africa)

Public Sector Accounting in Sub-Saharan Africa

African countries have faced unique challenges in adopting modern public sector accounting practices due to weak institutional frameworks and corruption. Many nations, including Kenya, South Africa, and Nigeria, have undertaken reforms aimed at strengthening public financial management through improved accounting standards and practices (World Bank, 2017; Cangiano et al., 2013). While many African countries have adopted IPSAS, the practical implementation often lags due to lack of capacity, inadequate training, and resistance to change. Corruption and political interference also pose significant challenges to effective public

sector financial management (AfDB, 2020; Andrews, 2013).

Zimbabwe: A Case Study

Zimbabwe's public sector accounting framework has evolved over the years, influenced by colonial legacies and post-independence economic challenges. The adoption of the Zimbabwe Financial Reporting Manual (ZIMFRAM) has been a critical step in modernizing the country's public sector accounting practices (ZIMFRAM, 2017). Zimbabwe faces significant challenges in public sector financial management. Hyperinflation, political instability, and corruption have undermined efforts to implement robust accounting standards. Despite attempts to align with international best practices, Zimbabwe's public financial management remains plagued by inefficiencies (IMF, 2022; World Bank, 2021). Zimbabwe has made efforts to improve its public sector accounting through the adoption of some IPSAS standards and the establishment of the Public Accounts Committee (PAC). However, the success of these reforms remains limited due to ongoing economic instability (African Development Bank, 2022).

METHODOLOGY

This study employed a mixed-methods approach, combining survey research and case studies. The study used thematic areas approach to group the data accordingly and analyse it to the specific objectives.

Analysis of Public Sector Accounting in Zimbabwe

Zimbabwe presents a unique case where public sector accounting reforms have been implemented within a challenging economic and political environment. The transition to more transparent and effective accounting practices has been slow, impacted by several factors:

Zimbabwe's economic challenges, particularly hyperinflation, have made it difficult to maintain consistent public financial records. The depreciation of the Zimbabwean dollar has further complicated the valuation of public assets and liabilities (IMF, 2022). These conditions make it difficult to maintain consistent financial records, accurately value public assets and liabilities, and implement accrual-based accounting (as promoted by IPSAS) (Burgin, 2012). The volatility undermines the reliability of financial reporting and complicates the transition to IPSAS, which requires stable economic conditions for accurate financial measurement.

Political interference in financial management has undermined the independence of public sector accounting bodies. Corruption and lack of accountability remain significant barriers to the successful implementation of reforms (World Bank, 2021).

A major challenge in Zimbabwe is the lack of adequately trained accounting professionals in the public sector who are familiar with IPSAS and its requirements. Many public sector employees, including accountants and financial managers, may not have the necessary skills or knowledge to implement IPSAS, particularly the more complex aspects of accrual-based accounting (Awodele, Onuiri, & Okolie, 2012). Without sufficient training and expertise, public sector entities struggle to apply the principles of IPSAS effectively, leading to delays, errors, and incomplete compliance with the standards. Capacity building and training are urgently needed to equip public servants with the skills required to implement and maintain modern accounting practices.

Implementing IPSAS requires modern, integrated financial management information systems (FMIS) that support accrual-based accounting and real-time financial reporting. However, Zimbabwe's public sector often lacks the technological infrastructure needed to meet these requirements (Kshetri, 2019). Outdated systems, poor internet access, and limited IT support hinder the efficient collection, processing, and reporting of financial data. Public sector accounting in Zimbabwe is often characterized by fragmented financial management systems. Different ministries, departments, and agencies may use different accounting systems, making it difficult to implement a standardized approach like IPSAS across the entire public sector (Hölscher, 2018).

Political interference and governance challenges continue to affect Zimbabwe's public sector accounting. In

Zimbabwe, there may not always be sufficient political will to drive the adoption of transparent accounting standards, particularly when these reforms expose inefficiencies or corruption within public institutions (Katz & Jung, 2021). Public financial management reforms, including the adoption of IPSAS, require political will and commitment to transparency and accountability (Hall, 2011). However, issues such as corruption, nepotism, and political patronage have often undermined efforts to implement robust financial management practices (Gane, 2013).

Adopting IPSAS involves significant changes in accounting practices, moving from cash-based to accrual-based reporting. This transition requires a shift in organizational culture, which can face resistance from public sector employees accustomed to traditional accounting methods (Jakobsson & Myers, 2006). Resistance may stem from a lack of understanding, fear of increased workload, or reluctance to adopt new systems and procedures.

Implementing IPSAS requires substantial financial investment in training personnel, upgrading technology, and overhauling financial systems. Zimbabwe's public sector is constrained by limited financial resources, making it difficult to allocate adequate funding for these necessary reforms (Palley, 2004). In Zimbabwe, the existing regulatory bodies lack the capacity and authority to enforce IPSAS implementation across all public sector entities (Davies, 2014). The lack of accountability and transparency in financial management creates an environment where IPSAS implementation can be subverted or ignored (Maphosa, 2022a). Corruption can also skew financial reporting, as public officials may manipulate financial data to cover up mismanagement or misallocation of resources (Mukiibi, 2019).

SUMMARY FINDINGS

A robust regulatory framework and effective monitoring mechanisms are essential for ensuring compliance with IPSAS. The successful implementation of IPSAS often requires high-level support from political leaders and senior management.

Improving technology is critical to supporting the successful implementation of International Public Sector Accounting Standards (IPSAS) in the public sector. The transition to IPSAS, especially the adoption of accrual-based accounting, requires robust technological systems that enhance data accuracy, streamline financial reporting, and improve transparency. Below are key ways in which technology can be enhanced to support IPSAS implementation effectively.

An Integrated Financial Management Information System (IFMIS) is a comprehensive software platform that supports public financial management, including budgeting, accounting, and reporting. To support the transition to IPSAS, governments should implement or upgrade IFMIS that can accommodate accrual-based reporting, manage complex financial data, and generate financial statements in compliance with IPSAS (Kshetri, 2019; Mukiibi, 2019). The information systems must ensure it has key features:

- Real-time financial data tracking and reporting.
- Automated accrual accounting capabilities.
- Integration of various public sector financial processes (e.g., budgeting, procurement, payroll).
- Compliance with international accounting standards, including IPSAS.

In addition, has benefits that include:

- Accuracy and timeliness: Automating accounting processes reduces errors and ensures timely financial reporting (Hall, 2011).
- Data integration: IFMIS can consolidate data from different government departments and agencies, facilitating consistency in financial reporting across the public sector (Davies, 2014).
- Improved decision-making: Access to real-time financial data helps decision-makers better manage

public resources.

There is need to consider cloud based solutions if the government decides to implement IPSAS because of its cost effectiveness and ability to accommodate changes.

Cloud-Based Solutions for Scalability and Accessibility

Cloud technology can provide scalable, cost-effective solutions for governments looking to implement IPSAS. Cloud-based financial management systems can offer enhanced data storage, security, and accessibility, allowing government entities to access financial data from different locations and collaborate in real-time (Gane, 2013). The following are the key features and benefits associated with the system:

Key Features:

- Centralized data storage and access across government entities.
- Enhanced data security protocols (e.g., encryption, multi-factor authentication).
- Lower upfront costs compared to traditional on-premise systems.

Benefits:

- **Scalability:** Cloud systems can easily scale to accommodate the growing complexity of financial data as IPSAS is fully implemented across the public sector (Jakobsson & Myers, 2006).
- **Cost Savings:** Cloud solutions reduce the need for expensive physical infrastructure and maintenance, freeing up resources for other critical needs (Awodele et al., 2012).
- **Accessibility:** Cloud systems allow public sector employees to access financial data from anywhere, improving collaboration and efficiency.

Automation of financial processes has proved to enhance the quality and efficiency of financial reporting in general.

Automation of Financial Processes

To support IPSAS, automating financial processes such as data entry, reconciliation, reporting, and auditing is essential. Automation can help reduce manual errors, increase efficiency, and ensure that financial records are compliant with IPSAS standards (Burgin, 2012).

Key Features:

- Automated accrual accounting entries (e.g., recognizing revenues and expenses when they are earned/incurred, not when cash is exchanged).
- Automatic reconciliation of accounts and generation of financial statements.
- Integrated workflows for approvals and audit trails.

Benefits:

- **Efficiency:** Automation reduces the time required for manual accounting tasks, allowing accountants to focus on higher-level financial analysis and decision-making (Hölscher, 2018).
- **Consistency:** Automated processes ensure that IPSAS-compliant accounting entries are consistently applied across all public sector entities (Katz & Jung, 2021).
- **Error Reduction:** Automated data entry and reconciliation minimize human errors, improving the accuracy of financial reports.

Business Intelligence (BI) and Data Analytics Tools

Business Intelligence (BI) and data analytics tools can be used to analyse large datasets and generate actionable insights, which are essential for IPSAS implementation. These tools can help public sector entities better understand their financial data, identify trends, and forecast future resource needs (Maphosa, 2022a).

Key Features:

- Data visualization tools that generate dashboards, graphs, and charts to assist in financial decision-making.
- Predictive analytics for forecasting revenue, expenditure, and cash flows.
- Reporting tools that generate IPSAS-compliant financial statements.

Benefits:

- **Enhanced Reporting:** BI tools can automate the generation of IPSAS-compliant financial statements, making it easier for governments to meet reporting deadlines and standards (Palley, 2004).
- **Data-Driven Decision-Making:** Access to real-time financial data and analysis helps public sector managers make informed decisions about resource allocation and financial management.
- **Transparency:** BI tools offer clear visualizations of financial data, which improves transparency and accountability in public sector financial reporting.

Training and Capacity Building in Digital Financial Systems

Technology alone is not sufficient; public sector employees must be trained to use these digital tools effectively. Ongoing training programs should be developed to ensure that public sector accountants, financial managers, and other relevant personnel are familiar with IPSAS requirements and the digital systems used for financial reporting (Gane, 2013).

Key Features:

- Development of e-learning platforms for continuous digital skills training.
- Hands-on workshops and simulation exercises using financial management systems.
- Certification programs in IPSAS and digital financial management.

Benefits:

- **Improved Adoption:** Training ensures that employees are comfortable with new technologies and can fully utilize them to support IPSAS implementation (Mukiibi, 2019).
- **Capacity Building:** Continuous learning opportunities help build a skilled workforce capable of managing complex financial reporting systems.
- **Minimized Resistance to Change:** Proper training helps overcome resistance to adopting new technologies and can promote a culture that values innovation.

Enhanced Data Security and Privacy Measures

With the digitization of public sector accounting, ensuring the security and privacy of financial data becomes paramount. Governments need to invest in strong data security measures to protect sensitive financial information from cyber threats, unauthorized access, and data breaches (Kshetri, 2019).

Key Features:

- Encryption of financial data both in transit and at rest.
- Role-based access control to limit who can view or modify financial data.
- Regular security audits and vulnerability assessments.
- Backup and disaster recovery systems to safeguard against data loss.

Benefits:

- **Data Integrity:** Strong security measures ensure that financial data is accurate, reliable, and free from tampering (Hall, 2011).
- **Trust and Accountability:** Secure financial systems build public trust in government financial reporting and enhance accountability.
- **Compliance with International Standards:** Implementing best practices in data security ensures compliance with international data protection standards and IPSAS requirements.

Improved Interoperability Between Systems

For IPSAS implementation to be successful, different financial management systems within the public sector must be able to communicate and share data seamlessly. Governments should invest in technologies that ensure interoperability between various systems, such as budgeting, procurement, payroll, and auditing systems, to ensure consistent and accurate financial reporting (Jakobsson & Myers, 2006).

Key Features:

- Application programming interfaces (APIs) that allow different financial systems to exchange data.
- Standardized data formats to ensure compatibility between different systems.
- Centralized data repositories that can aggregate and consolidate financial data from various sources.

Benefits:

- **Data Consistency:** Interoperable systems reduce discrepancies and ensure that financial data is consistent across different government departments and agencies (Mukiibi, 2019).
- **Efficiency:** Centralized data sharing improves efficiency by eliminating the need for manual data entry and reconciliation between systems.
- **Comprehensive Reporting:** Governments can produce more comprehensive and accurate IPSAS-compliant financial reports by integrating data from various public sector entities.

Mobile and Remote Access Capabilities

In many regions, including Zimbabwe, public sector employees may be dispersed across different locations, especially in decentralized government structures. Providing mobile and remote access to financial management systems can enhance the ability of public sector accountants and managers to input and analyze financial data from any location, improving the timeliness and accuracy of financial reporting (Hölscher, 2018).

Key Features:

- Mobile-friendly interfaces for financial management systems.

- Secure remote access protocols such as VPNs (Virtual Private Networks).
- Cloud-based solutions to enable real-time access to financial information from any device.

Benefits:

- **Flexibility:** Remote access allows financial officers to work from different locations, supporting timely updates and report generation.
- **Increased Efficiency:** Mobile access can reduce delays in financial reporting and data entry, improving overall financial management processes (Katz & Jung, 2021).
- **Business Continuity:** In the event of a crisis (e.g., natural disasters, pandemics), remote access ensures that financial operations can continue without interruption.

RECOMMENDATIONS

The following recommendations will facilitate the successful implementation of public sector accounting operations:

- Strengthen Institutional Frameworks through Improving regulatory oversight and independence.
- Capacity Building and Training improvement by investing in training for public sector accountants.
- Adopt Technology by leveraging technology to enhance transparency and efficiency.
- Reduce Political Interference through establishing legal frameworks to minimize political influence.

CONCLUSION

In summary there is need to emphasizes on modern practices, transparency, and accountability in public financial management in Zimbabwe. Advocating for innovative approaches aligned with international standards while considering local contexts. As well as highlighting the importance of collaboration among stakeholders for a resilient public sector accounting framework.

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