Impact Assessment of International Public Accounting Standards (IPSASs) On Public Financial Management (PFM) In Africa

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Abstract: Public financial management exhibits an integrated system of laws, conventions, concepts, principles and practices by sovereign governments through various stakeholders in the attainment of public sector objectives, with accounting playing a pivotal role. The study thereby seeks to assess the impact of International Public Sector Accounting Standards on the public financial management in Africa. The methodology adopted for this study was mixed research methodology, through questionnaires and interviews of randomly selected PAFA accountants across Africa. The majority of respondents concurred that IPSASs are central and pivotal in the attainment of objectives for sound and successful Public Financial Management. Respondents further reiterated that IPSASs are key in accounting for taxation revenue, non-tax revenue and donor funds through transparency and disclosure, which are essential for strategic policy interventions and public expenditure through the budgetary framework.

Keywords— Public Financial Management, PFM in Africa, Public Sector Financial Management, Government accounting, IPSASs Implementations, IPSAS in Africa, PAFAs

I. INTRODUCTION

Public financial management exhibits an integrated system of laws, conventions, concepts, principles and practices by sovereign governments through various stakeholders in the attainment of public sector objectives, with accounting playing a pivotal role. The study thereby seeks to assess the impact of International Public Sector Accounting Standards on the public financial management in Africa.

II. LITERATURE REVIEW

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

Sovereign governments exhibits their stewardship role to the citizens and taxpayers through efficient and effective Public Financial Management (PFM) of public goods and services as an essential safeguard and enhancement of the country’s economic sovereignty (CAPA, 2014). The core elements of successful Public Financial Management are (CAPA, 2014): reporting, fiscal and policy framework, performance management, governance climate, capacity and capability, value system governance, legal and institutional governance framework, scrutiny and assurance. The accounting profession is responsible for playing a pivotal role in coordinating of these PFM core principles through encouraging transparency and accountability of national governments, thereby protecting public interest (CAPA, 2014).

The core of Public Financial Management is comprised of the office of the President, Finance Minister, Ministries, provisional and local governments with peripheral PFM stakeholders being Accountant General’s office, legislature, political parties, civil society, procurement bodies, academia and auditors (Lawson, 2015). The key objectives of the PFM stakeholders (Lawson, 2015) are to formulate and manage public policy, budget processes, accounting and auditing thereby maintaining aggregate fiscal discipline, efficient strategic allocation of public resources, operational efficiency and accountability through due process follow up of democratic checks and balances.

Effective Public Financial Management is critical in sovereign governments since it accounts for more than a third of their GDPs, hence should be resilient to withstand scrutiny from all quarters while attaining its objectives of aggregate financial management, operational management, fiduciary risk management and governance through transparency and accountability (Shaikh and Naeem, 2019). The attainment of these public sector objectives (Shaikh and Naeem, 2019) through sound public financial management improves the quality of public service outcomes through strategic decision making, operational management, efficient and effective use of public resources thereby building public trust in the performance of the public sector.

III. PURPOSE OF THE STUDY

This empirical study purpose is to assess the impact of IPSASs on Public Financial Management in Africa.
IV. RESEARCH OBJECTIVE
To assess the impact of IPSASs on Public Financial Management in Africa, based on accounting and auditing professionals in public sector practice

V. RESEARCH QUESTION
What impact does IPSASs have on Public Financial Management in Africa?

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

VII. DATA ANALYSIS, PRESENTATION AND DISCUSSION

<table>
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<th>Source of Variation</th>
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<td>0</td>
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<td>0.02113</td>
<td>1</td>
<td>2.866</td>
<td>0.0814</td>
</tr>
<tr>
<td>Total</td>
<td>0.422</td>
<td>24</td>
<td>0.02113</td>
<td>1</td>
<td>2.866</td>
<td>0.0814</td>
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As evidenced form the above statistics whose data is statistically significant and in correlation, the mean, median values are relatively coherent, with acceptable insignificant standard errors, extracted from the primary data premised on the research question on respondents from different jurisdictions of Southern Africa, the data has internal and external validity, and free from bias. The ANOVA statistics is also in congruent with linearity, as evidenced from the critical values within and between the group sets above. The data range depicted is clearly and effectively spread and is representative of the sample population. There is therefore a
The findings from the respondents as depicted above were statistically significant and the qualitative content analysis also virtually concurred, that that the majority of respondents were virtually in agreement that IPSASs are highly impactful on Public Financial Management. The majority of respondents concurred that IPSASs are central and pivotal in the attainment of objectives for sound and successful Public Financial Management. Respondents further reiterated that IPSASs are key in accounting for taxation revenue, non-tax revenue and donor funds through transparency and disclosure, which are essential for strategic policy interventions and public expenditure through the budgetary framework.

The findings further revealed that Public Financial Management is the key enabler of all governmental operations with a primary role of pooling public resources through public budgets and allocation matrices. The findings revealed that the PFM is linearly with the International Public Sector Accounting Standards (IPSASs) whether Cash and Accrual based with a causal linkage. The PFM therefore is complemented with the IPSASs as its financial reporting system, and as a decision benchmark for the elements of financial reporting, which are essential for PFM decision making

VIII. CONCLUSIONS

The findings revealed that IPSASs are highly impactful and essential for the overall functioning of Public Financial Management. The intricate nature of the Public Financial Management cycle and its stakeholders is robust from political, economic and social capital contributing more than a third of sovereign governments Gross Domestic Product (GDP), thereby generating and requiring scrutiny from all the economic quarters. IPSASs greatly enhance Public Financial Management through disclosures and accountability of all integrated government and public sector entities, using internationally adopted conceptual frameworks, principles, conventions and accounting standards, accounting from tax/not tax and donor revenues and donor funds to public expenditure management for the benefit of taxpayers and the electorate

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REFERENCES