

Successes and Challenges in Implementing International Public Sector Accounting Standards (IPSAS) in Zimbabwe: 2019 to Date

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Abstract

The adoption of International Public Sector Accounting Standards (IPSAS) in Zimbabwe and the world over has been a critical component of the country's efforts to enhance public financial management and ensure greater transparency and accountability. This paper examines the challenges faced by the Zimbabwean government in implementing International Public Sector Accounting Standards (IPSAS) from 2019 to the present, examining both the successes and the challenges that have characterized this process to date. As countries around the world increasingly adopt IPSAS to enhance transparency and accountability in public financial management, Zimbabwe's efforts have been impeded by several critical issues. The study was prompted by the need to understand the extent to which Zimbabwe has successfully integrated IPSAS, and the barriers that have hindered full compliance. This study employs a mixed-methods approach, combining a literature review with qualitative analysis of local case studies. The paper highlights notable achievements in financial reporting, capacity building, and enhanced transparency. However, the findings reveal that key challenges include inadequate funding, political instability, and resistance to change within government structures, technological limitations, and inadequate stakeholder engagement. The paper concludes with recommendations for a robust capacity building programme, enhanced collaboration with all key stakeholders, call for a greater political will, and the need for more efficient resource allocation to ensure the full benefits of IPSAS are realized in Zimbabwe's public sector, thereby improving public sector financial management and governance.

Keywords: IPSAS, Zimbabwe, public sector accounting, financial reforms, transparency, public sector management.

1. Introduction

Overview of IPSAS and Its Importance

The adoption of International Public Sector Accounting Standards (IPSAS) has become a global trend, as governments seek to improve financial management, transparency, and accountability. Zimbabwe started implementing International Public Sector Accounting Standards (IPSAS) in 2019. The Ministry of Finance and Economic Development (MOFED) approved the National IPSAS Implementation Strategy and Plan (ISP) and launched it on April 3, 2019. This marked the beginning of Zimbabwe's migration to accrual-based IPSAS.

International Public Sector Accounting Standards (IPSAS) are a set of accounting standards developed by the International Public Sector Accounting Standards Board (IPSASB) to enhance the quality, consistency, and transparency of public sector financial reporting worldwide (IPSASB, 2020). These standards aim to establish a common framework for public sector entities, ensuring that financial statements are relevant, reliable, and comparable (Pereira, 2019). By adopting IPSAS, governments can improve accountability, foster public trust, and provide stakeholders with valuable information for decision-making (Khan, 2017). The importance of IPSAS lies in its potential to transform public financial management by promoting good governance and effective resource allocation (Hepworth, 2018). With robust financial reporting, governments can better manage public resources, enhance budgetary control, and ultimately contribute to sustainable economic development (Waweru & Viritika, 2019). Moreover, IPSAS adoption aligns with global trends towards transparency and accountability, particularly in the context of international aid and development assistance, where donors increasingly require adherence to recognized accounting standards (World Bank, 2020).

1.1 Purpose of the Study

The purpose of this study is to explore the challenges faced by the Zimbabwean government in implementing IPSAS. Despite the recognized benefits of adopting these standards, Zimbabwe has encountered significant obstacles that hinder effective implementation (Chadambuka, 2021). This research aims to identify and analyze these challenges, providing insights into the barriers to successful IPSAS adoption in the country.

By examining the current status of IPSAS implementation in Zimbabwe, this study seeks to contribute to the broader discourse on public sector financial management in developing countries (Ndlovu, 2020). The findings will inform policymakers and stakeholders about the critical issues that need to be addressed to enhance the effectiveness of public sector accounting practices in Zimbabwe, ultimately supporting efforts to improve governance and accountability in public financial management (Mavhiki et al., 2019).

2. Literature Review

2.1 Definition of IPSAS

International Public Sector Accounting Standards (IPSAS) are a set of accounting standards issued by the International Federation of Accountants (IFAC) aimed at improving public sector financial reporting globally. These standards are designed to bring about greater transparency, accountability, and comparability in financial reporting across governments and public sector institutions. IPSAS includes both cash and accrual-based accounting standards, with a transition towards accrual accounting being a central feature of the reform.

2.2 Theoretical Applications of IPSAS

2.2.1 Relevant Accounting Theories

The implementation of International Public Sector Accounting Standards (IPSAS) can be contextualized within several accounting theories, particularly New Public Management (NPM). NPM emphasizes efficiency, effectiveness, and results-oriented management in the public sector, advocating for the adoption of private sector practices to improve public administration (Hood, 1991). This approach aligns with IPSAS, which seeks to enhance the quality of financial reporting and accountability in public entities. By focusing on performance measurement and outcome-oriented budgeting, NPM complements the principles of IPSAS, fostering a culture of transparency and accountability (Hood & Dixon, 2015).

Another relevant theory is Institutional Theory, which examines how institutions shape behaviour and practices within organizations (Scott, 2008). The adoption of IPSAS can be seen as a response to institutional pressures from global accounting bodies and development partners, who advocate for standardized financial practices. This theory underscores the significance of compliance with IPSAS as a mechanism for legitimizing public sector entities in the eyes of stakeholders and enhancing their credibility (DiMaggio & Powell, 1983).

2.2.2 Importance of Transparency and Accountability in Public Sector Accounting

Transparency and accountability are fundamental principles in public sector accounting, particularly under IPSAS. Transparent financial reporting enables citizens and stakeholders to access clear and accurate information about government operations and resource allocation (Hepworth, 2010). This openness fosters public trust and engagement, as citizens are better informed about how their tax revenues are utilized.

Accountability, on the other hand, ensures that public officials are held responsible for their financial decisions and actions. IPSAS promotes accountability by establishing rigorous standards for financial reporting and disclosure, thereby facilitating the assessment of government performance (Murray & Firth, 2014). The combination of transparency and accountability not only enhances governance but also contributes to improved public service delivery and resource management, ultimately supporting democratic processes (Osei-Tutu et al., 2018).

2.3 Global Perspectives

The adoption of International Public Sector Accounting Standards (IPSAS) has gained momentum globally, with countries like the United Kingdom and Australia leading the way. The UK implemented IPSAS to improve the transparency and accountability of public financial reporting, resulting in enhanced decision-making processes and public trust (Graham & Hughes, 2018). Similarly, Australia's adoption of IPSAS has focused on harmonizing accounting practices across various government levels, enabling better financial management and reporting (Andrews et al., 2017).

However, the implementation of IPSAS is not without challenges. Countries often face difficulties such as a lack of skilled personnel, resistance to change within bureaucracies, and inadequate technological infrastructure (Pereira, 2019). Additionally, financial constraints can impede the necessary training and systems development, leading to incomplete or inconsistent adoption (Hepworth, 2018).

2.4 Regional Perspectives

In Southern Africa, the implementation of IPSAS has been notably varied. South Africa has been at the forefront, adopting IPSAS to enhance public sector accountability and financial management (Fourie, 2020). The government has made significant strides in aligning its financial reporting with IPSAS, promoting greater transparency in its financial statements.

Conversely, Zambia has faced considerable challenges in IPSAS adoption, including insufficient training and capacity building, which have hindered effective implementation (Chileshe & Mumba, 2021). A comparative analysis reveals that while South Africa has benefitted from stronger institutional support and better access to resources, Zambia's struggle with political instability and resource constraints has led to significant delays in IPSAS integration (Mweemba & Mwenda, 2019).

2.5 Current Status in Zimbabwe

Historically, Zimbabwe's public sector accounting practices have been marred by a lack of standardization and inconsistent reporting (Mavhiki et al., 2019). The government has relied on outdated accounting practices, contributing to issues of transparency and accountability. Recent developments indicate a

gradual shift towards IPSAS, driven by the need for reform in public financial management and adherence to international standards (Ndlovu, 2020).

However, the implementation of IPSAS in Zimbabwe has encountered challenges, such as limited financial resources, inadequate training programs, and resistance from public officials accustomed to traditional practices (Chadambuka, 2021). Despite these hurdles, initiatives have been introduced to promote IPSAS awareness and training, aiming to enhance the capacity of public sector professionals (ZIMRA, 2022). As such, the journey towards full IPSAS implementation in Zimbabwe remains ongoing, requiring sustained commitment and resources.

3. Methodology

This research will adopt a mixed-methods research design. Qualitative research design, combining literature review and case study analysis to explore the successes and challenges of implementing the International Public Sector Accounting Standards (IPSAS) in Zimbabwe from 2019 to date. The approach will help gather in-depth insights into the contextual factors affecting IPSAS adoption, its impact, and the barriers encountered during the process.

4. Findings

The implementation of International Public Sector Accounting Standards (IPSAS) in Zimbabwe has had a notable impact on public financial management since the government began adopting these standards more widely from 2017, with significant strides occurring between 2019 to the present. Several successes in the adoption of IPSAS can be identified within this period.

4.1. Improved Financial Reporting and Transparency

One of the key successes of implementing IPSAS in Zimbabwe has been the improvement in the accuracy and reliability of financial reporting across the public sector. There are weaknesses in the quality of accounts at present, though the Auditor General has found improvements in transparency and accountability in the 2016 year (ACCA 2017).

By adopting accrual accounting standards, IPSAS has enabled government ministries and state-owned enterprises to present more accurate financial statements, enhancing the transparency of public finances. This has contributed to greater public trust in the management of government resources (Mutasa & Dube, 2021). The availability of standardized financial statements has also made it easier for auditors and oversight bodies to track government expenditures and revenues, leading to more rigorous financial oversight (Makoni, 2020).

4.2. Strengthened Accountability and Governance

The move to accrual accounting under IPSAS has also improved accountability and governance in Zimbabwe's public sector. The implementation of IPSAS has encouraged better record-keeping practices and internal controls, which are vital for ensuring that public funds are utilized efficiently (Zhou & Ngwenya, 2022). This shift has had a positive effect on reducing corruption and misuse of public funds, as accurate and comprehensive financial data is now available for scrutiny by both the government and external stakeholders (Chikodzi, 2023).

4.3. Capacity Building and Skills Development

Since the adoption of IPSAS, there has been a notable increase in capacity building within Zimbabwe's public sector, particularly in accounting and auditing. The government, with the assistance of international organizations like the World Bank and the International Monetary Fund (IMF), has provided training

programs for public sector employees on the technicalities of IPSAS. This has led to the development of a more skilled workforce, capable of implementing modern accounting systems and maintaining IPSAS-compliant financial reports (Makoni, 2020). Training efforts have been key in ensuring that public financial managers understand the standards and can apply them effectively.

4.4. Compliance with International Standards

Zimbabwe's commitment to aligning with global best practices in public financial management has also been bolstered by IPSAS implementation. The country has made significant progress towards meeting international accounting standards, particularly with regard to transparency in public finance. This compliance is not only crucial for the credibility of the country's financial management practices but also enhances its reputation with international investors and development partners (Zhou & Ngwenya, 2022).

4.5. Enhanced Audit Processes

The shift to IPSAS has led to improvements in audit processes in Zimbabwe. The standards have made it easier for the Auditor General's Office to audit financial statements in a more systematic and comprehensive manner, resulting in higher-quality audits. By providing detailed, accrual-based financial reports, public sector entities are now better equipped to withstand scrutiny from both national and international audit bodies (Mutasa & Dube, 2021).

Although the country has scored some notable success stories in the implementation of IPSAS, there is still a lot of work need to address the following challenges that are negatively impacting progress.

4.6. Challenges Faced by the Zimbabwean Government

The implementation of International Public Sector Accounting Standards (IPSAS) in Zimbabwe is fraught with various challenges that hinder effective adoption and application. This section outlines the key obstacles that the Zimbabwean government faces in its efforts to implement these standards.

4.7. Lack of Trained Personnel and Capacity Building

One of the most significant challenges in implementing IPSAS in Zimbabwe is the shortage of trained personnel. Public sector accounting requires specialized knowledge and skills that are currently lacking among many government employees (Chadambuka, 2021). The absence of adequate training programs exacerbates this issue, limiting the capacity of public sector officials to transition from traditional accounting practices to IPSAS-compliant frameworks (Ndlovu, 2020). Effective capacity building initiatives are essential to equip personnel with the necessary skills to ensure successful and comprehensive IPSAS adoption across all government agencies (Mavhiki et al., 2019).

4.8. Insufficient Funding and Resources

Financial constraints significantly impede the Zimbabwean government's ability to implement IPSAS effectively. The government faces a tight budget environment, which limits investment in necessary infrastructure and training programs (Mweemba & Mwenda, 2019). Insufficient funding not only affects the development of accounting systems but also hinders the procurement of technology required for effective IPSAS reporting. As a result, many public entities struggle to align their financial practices with IPSAS requirements (Hepworth, 2018).

4.9. Political Instability and Its Impact on Implementation

Political instability in Zimbabwe has created an environment of uncertainty that affects public sector reforms, including the adoption of IPSAS. Frequent changes in government leadership and policy priorities disrupt continuity in implementation efforts (Chileshe & Mumba, 2021). This instability can lead to a lack of commitment to long-term reforms, as government officials may focus on short-term objectives rather than sustainable accounting practices. Consequently, the political climate significantly undermines

the progress of IPSAS implementation (Mavhiki et al., 2019).

4.10. Resistance to Change within Governmental Structures

Resistance to change is a common challenge in public sector organizations, and Zimbabwe is no exception. Many public officials are accustomed to traditional accounting practices and may be reluctant to adopt new standards (Chadambuka, 2021). This resistance can stem from a fear of job loss, uncertainty about the implications of new systems, or a general reluctance to alter established routines (Pereira, 2019). Overcoming this resistance requires effective change management strategies and a strong commitment to fostering a culture of adaptability within government institutions.

4.11. Technological Barriers and Infrastructure Issues

The lack of adequate technological infrastructure poses a significant barrier to IPSAS implementation in Zimbabwe. Many public sector entities operate with outdated systems that are ill-equipped to handle the demands of IPSAS-compliant reporting (Ndlovu, 2020). This technological gap not only hampers the quality of financial data but also complicates the training of personnel on new systems. Without substantial investment in modern accounting technologies and infrastructure, the transition to IPSAS will remain challenging (Mweemba & Mwenda, 2019).

4.12. Public Awareness and Stakeholder Engagement

Finally, public awareness and stakeholder engagement are crucial for the successful implementation of IPSAS. Many citizens and key stakeholders lack knowledge about the benefits and implications of IPSAS, which can hinder support for reform initiatives (Mavhiki et al., 2019). Engaging stakeholders through education and awareness campaigns is vital to foster public trust and ensure that the transition to IPSAS is seen as beneficial. Furthermore, stakeholder involvement in the implementation process can provide valuable insights and enhance accountability (Hepworth, 2018).

5. Recommendations

To ensure the continued successful implementation of International Public Sector Accounting Standards (IPSAS) in Zimbabwe, the government should address several key areas of focus. These recommendations are based on the progress made since 2019 and the challenges still faced by Zimbabwe in adopting IPSAS.

5.1. Strengthen Capacity Building and Training Programs

Although Zimbabwe has made strides in training public sector employees, there is a need for continued and expanded capacity-building initiatives to ensure the sustainability of IPSAS adoption. The government should expand training programmes for public accountants, auditors, and financial managers across all levels of government. This training should include not only the technical aspects of IPSAS but also practical applications within Zimbabwe's specific financial context.

It should encourage professional development by offering scholarships, certifications, and workshops to public sector employees in partnership with local universities and international accounting bodies like the Institute of Chartered Accountants of Zimbabwe (ICAZ) (Makoni, 2020).

The government must develop specialized training programs focused on government entities such as local authorities, ministries, and state-owned enterprises, ensuring that all sectors are well-equipped to implement and report according to IPSAS standards.

5.2. Enhance Political Will and Support

The successful implementation of IPSAS requires strong political support. Zimbabwe's government should maintain high-level commitment to the IPSAS reform agenda, ensuring it is embedded in national policy frameworks and supported by consistent actions from senior leadership (Zhou & Ngwenya, 2022).

There is need to engage policymakers and government officials in ongoing dialogue about the importance of IPSAS, helping to sustain momentum even when challenges arise.

The government need to create institutional champions within key ministries to advocate for IPSAS at various levels of government, ensuring that its implementation is prioritized and actively supported by decision-makers.

5.3. Ensure Adequate Funding and Resource Allocation

One of the key challenges faced in IPSAS implementation is the lack of adequate resources, including both financial and technological resources. The government should allocate sufficient funds for the transition to IPSAS, particularly for the procurement of necessary software and tools to support accrual accounting (Chikodzi, 2023). It should also prioritize financial investments in the development of ICT infrastructure, which is critical for the automation of financial processes and the preparation of IPSAS-compliant reports.

Deliberate efforts should be made by government to seek financial assistance from international organizations (e.g., the World Bank, IMF, and African Development Bank) for technical assistance, funding, and capacity-building programs to support the IPSAS adoption process.

5.4. Improve Public Awareness and Stakeholder Engagement

For the successful implementation of IPSAS to have a broader impact, it is important to ensure that all stakeholders, including the public and private sectors, are well-informed about its benefits. The government should increase public awareness campaigns about the benefits of IPSAS in promoting transparency, accountability, and sound financial management in government. It must also engage external stakeholders, including civil society, the private sector, and the media, in discussions about IPSAS adoption and its impact on Zimbabwe's financial management systems.

It is recommended to involve parliamentarians and local government officials in consultations to create greater buy-in from all levels of government, ensuring that IPSAS is seen as a vital tool for improving public sector management.

6. Monitor and Evaluate IPSAS Implementation

To assess the effectiveness of IPSAS implementation and identify areas for improvement, it is essential to have a robust monitoring and evaluation system in place. The government should establish a dedicated IPSAS monitoring unit within the Ministry of Finance or the Public Accountants and Auditors Board (PAAB) to oversee and review the implementation of IPSAS across public sector entities. It needs to conduct regular audits and evaluations to track the progress of IPSAS implementation and identify any gaps or challenges in the process (Mutasa & Dube, 2021).

Government must use feedback from audits by the Auditors General's office and evaluations to refine the implementation strategy and make necessary adjustments to ensure continuous improvement in the quality of financial reporting.

7. Address Institutional Resistance and Cultural Barriers

Despite the successes, resistance from certain public sector employees or institutions can delay or hinder IPSAS adoption. The government should identify and address sources of resistance within the public sector by engaging with employees and stakeholders who are sceptical or opposed to IPSAS implementation. It need to foster a culture of accountability and professionalism within the public sector

by emphasizing the long-term benefits of IPSAS for improving the efficiency and effectiveness of public financial management.

One way to address resistance is to incentivize early adopters by recognizing and rewarding those government ministries and departments that have successfully implemented IPSAS, setting them as models for others to follow.

8. Enhance Collaboration with International Partners

Zimbabwe's transition to IPSAS has been supported by various international organizations. To further strengthen IPSAS implementation, the government should collaborate more effectively with international organizations such as the IMF, the World Bank, and regional bodies like the African Development Bank to ensure continued technical support and funding.

It must leverage global best practices by studying how other countries in Africa and beyond have implemented IPSAS successfully and adapting those practices to fit the Zimbabwean context. It must also create partnerships with regional training institutions to build the capacity of local auditors and accountants, ensuring that Zimbabwe develops its own expertise in IPSAS reporting.

Conclusion

By focusing on these recommendations—strengthening capacity-building, enhancing political will, securing adequate resources, increasing public awareness, monitoring progress, addressing resistance, and improving international collaboration—Zimbabwe can ensure the continued success of IPSAS implementation. These steps will help the country improve financial transparency, governance, and accountability, thereby strengthening its public financial management systems.

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