AN INVESTIGATION OF THE CHALLENGES IN IMPLEMENTING THE INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARD (IPSAS) IN GOVERNMENT MINISTRIES AND AGENCIES IN ZAMBIA.

BY

RACHAEL CHIWANA

A Dissertation submitted to the University of Zambia in partial fulfilment of the requirements for the award of the Degree of Master of Business Administration - Finance

THE UNIVERSITY OF ZAMBIA

LUSAKA

2024

DECLARATION

I, **Rachael Chiwana**, do hereby declare that this work is my original work achieved through personal reading and research. This work has never been submitted to the University of Zambia or any other Universities. All sources of data used and literature on related works previously done by others, used in the production of this Dissertation have been duly acknowledged. If any omission has been made, it is not by choice but by error.

.

Signature: .... Date: ....

COPYRIGHT

APPROVAL

This Dissertation by **Rachael Chiwana** is approved as a partial fulfilment of the requirements for the award of the Degree of Master of Business Administration – Finance.

Examiner 1	Signature	Date
…………………………..	………………………	……………………
Examiner 2	Signature	Date
…………………………..	………………………	……………………
Examiner 3	Signature	Date
…………………………..	………………………	……………………
Chairperson Board of Examiners	Signature	Date
…………………………..	………………………	……………………
Supervisor	Signature	Date
…………………………..	………………………	……………………

ABSTRACT

The Objective of this study was to investigate the challenges of implementing the IPSAS in government and various agencies in Zambia using descriptive research design. The scope of this research encompassed individuals associated with Government Ministries and agencies as its target population. Convenience sampling approach was employed with a sample size of 80 respondents. This research work employed a combination of primary and secondary data sources. The primary sources of data included the Questionnaire. Secondary data sources included the financial reports. Data was analyzed using descriptive statistics, regression analysis and ANOVA. The findings revealed that the level of implementation of the IPSAS in Zambia is to a low extent. Challenges in Implementation of IPSAS include time consuming and High Implementation cost. The high implementation cost, which was highlighted by the majority of respondents. This is due to the amount and complexity of information required to comply with IPSAS. The complexity of information needs a great deal of training of accountants, which is costly. Another hindering factor that was stated by the respondents was inadequate professional capacity. The respondents noted that it would require massive recruitments to fill the staffing gaps in accounting agencies, especially in local. The study recommended that Zambian government gives priority to the development of information systems for the effective evaluation of performance within government ministries and agencies. The government should also undertake efforts to educate its ministries and agencies about the implications of adopting the International Public Sector Accounting Standards (IPSAS). Furthermore, it is recommended that accountants, auditors, and chief financial officers collaborate closely to facilitate the successful implementation of IPSAS in Zambia. Lastly, acknowledging the evolving trends in finance, it is suggested that further studies be periodically conducted on the same subject and related areas within Zambia.

Key words: Accounting standards, financial transactions, public sector, IPSAS

ACKNOWLEDGEMENT

I would like to thank my supervisor for being a constant source of support from the beginning of the project proposal up to completion of the project. I thank the University of Zambia for equipping me with knowledge, resources and constant support during the project period. I would like to thank family for urging me on in my endeavor to complete this project and being a constant source of support. Sincere thanks go to all lecturers that helped reach this far. My heartfelt appreciation goes to my family for the continuous support and encouragement.

DEDICATION

I dedicate this Research project to my family and the University of Zambia for instilling in me knowledge during my time at the University and for the support I have received from my project Supervisor during the project period.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ACRONYMS

ACCA	Association of Chartered Certified Accountants
CIPFA	Chartered Institute of Public Finance and Accountancy
FAAC	Fine Art Auctions and Consultancy
GRZ	Government of the Republic of Zambia
IFAC	International Federation of Accountants
IPSAS	International Public Sector Accounting Standards
PSEs	Public Sector Entities
UN	United Nations

CHAPTER 1

INTRODUCTION

1.0 Introduction

In accordance with the 2019 Global Status Report issued by the International Federation of Accountants (IFAC), a notable trend is observed towards the widespread adoption of international standards across various areas of financial governance, including accounting, audit, education, ethics, and enforcement criteria. This signifies a global shift towards international standards intended to promote economic development and enhance financial market stability.

Despite the acknowledged advantages of accrual accounting for the public sector, its uptake remains notably low, particularly within African nations. For instance, although 25 African countries have embraced the International Public Sector Accounting Standards (IPSAS), only 5 have fully implemented them, reflecting a mere 20% implementation rate. Notably, Zambia is among the countries that have adopted IPSAS since 2009 but has yet to achieve full implementation.

This study investigates the challenges associated with implementing IPSAS within government ministries and agencies. Thus, this introductory chapter presents the study's background, problem statement, significance, objectives (general and specific), scope, and the rationale behind the study.

1.1 Background to the study

Carolini (2022) states that the IPSASB traces its origins to 1986 when IFAC, the worldwide organization for the accountancy profession, established the Public Sector Committee (PSC) as one of its standing committees. The PSC had a broad mandate to develop programs for the improvement of public sector financial management and accountability. Harun et al (2021) state that IPSAS, or International Public Sector Accounting Standards, were first developed by the International Public Sector Accounting Standards Board (IPSASB) in 1997. The goal of IPSAS is to improve the quality of public sector financial reporting worldwide, by establishing a set of accounting standards that are applicable to government entities and other public sector organizations. IPSAS are based on International Financial Reporting Standards (IFRS), which are used in the private sector. The adoption of IPSAS helps to enhance transparency, accountability, and consistency in financial reporting across different countries and jurisdictions.

Over time, countries have developed their own financial reporting standards to govern financial statements within their borders. However, with the increasing globalization, collaboration, and international trade, there is a growing need for greater consistency in these standards. This is crucial to ensure that financial information remains understandable and provides consistent data to users worldwide. The development of international public sector accounting standards for public sector financial reporting stems from the desire for unified accounting requirements. While businesses worldwide are adopting International Financial Reporting Standards (IFRS), governments are aligning themselves with International Public Sector Accounting Standards (IPSAS). IPSAS governs the accounting practices of public sector entities, excluding government business enterprises. According to Hayfron Adoagye (2012), IPSAS are globally recognized financial reporting standards designed for application by public sector entities, excluding government business enterprises. These standards are issued by the International Public Sector Accounting Standards Board (IPSASB), which operates within the framework of the International Federation of Accountants (IFAC). The IPSASB has the authority to develop and release IPSAS, ensuring autonomy in their development and issuance.

Currently, Harun et al (2021), IPSAS has emerged as a benchmark for evaluating and improving government accounting practices, especially in developing countries. It is often recommended for adoption in these nations to enhance their financial management and reporting. International organizations such as the World Bank have encouraged the use of IPSAS in accounting for financial assistance provided to developing countries. The International Federation of Accountants (IFAC) (2021) believes that the adoption of accrual-based IPSAS, established by the IPSASB, is crucial to shift the government reporting paradigm. This transition to accrual-based accounting is considered a significant step in enhancing transparency and accountability in government financial reporting on a global scale. The objective of the IPSASB is to serve the public interest by setting high-quality public sector accounting standards and facilitating their adoption and implementation, thereby enhancing the quality and consistency of practice throughout the world and strengthening the transparency and accountability of public sector.

Additionally, IPSAS is beneficial because governments' adoption of IPSAS will enhance the quality and comparability of financial information reported by public sector entities worldwide (IFAC, 2020). Financial statements are structured representations of an entity's financial position and the transactions it undertakes. The general objectives of financial statements are to provide information about an entity's financial position, performance, and cash flows that are useful to a wide range of users in making and evaluating resource allocation decisions. In the public sector, the specific objectives of financial reporting should be to provide information that is useful for decision-making and to demonstrate the entity's accountability for the resources entrusted to it. This includes presenting information about the allocation and use of financial resources, how the entity financed its activities, and met its cash requirements, as well as evaluating its ability to finance its activities, meet its liabilities, and fulfill its commitments. Financial statements also serve to communicate the entity's financial condition and changes in it, as well as aggregate data that helps assess the entity's performance in terms of service costs, efficiency, and achievements (Thi, 2023). Additionally, financial reporting may have a predictive or prospective role, offering information useful in predicting the resources needed for continued operations, resources that can be generated through continued operations, and associated risks and uncertainties.

Non-compliance with IPSAS can have significant consequences for auditors, their clients, and the financial market as a whole, including loss of credibility, legal and regulatory issues, financial statement restatements, strained relationships, and increased audit risk.

There are more than, 80 countries that have adopted the use of IPSAS or are in the process of adopting IPSAS (Carolini, 2022). For example, Peru: Has adopted IPSASs. Philippines: Has adopted IPSASs (accruals). Romania: Has adopted the accruals basis of accounting, including some of the IPSASs. Russia: Has adopted the accruals basis IPSASs and has made significant progress towards implementation. East and Southern Africa have also adopted the use of IPSAS. The East and Southern African Association of Accountants General member states’ aims include adoption of IPSASs. The association’s member states are Botswana, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Rwanda, South Africa, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe.

There are a number of factors that affect the implementation of IPSAS. The implementation of IPSASs incurs certain costs that need to be considered. Government agencies or statutory bodies responsible for enforcing accounting policies require funding to facilitate the rollout of IPSAS implementation. These costs encompass various aspects, including research, training, technology upgrades, and consultancy services. It is essential to secure sufficient financial resources to support the successful adoption and integration of IPSAS standards.

Furthermore, Thi (2023) opines that the implementation of IPSAS may require political goodwill and support, considering the existence of diverse perspectives on accountability within the public sector. Some stakeholders may have different opinions or concerns regarding the implications of enhanced accountability through IPSAS implementation. Building political consensus and garnering support among relevant authorities are crucial steps in ensuring the smooth adoption of IPSAS and its effective implementation. This process may involve engaging in constructive dialogues, addressing concerns, and highlighting the benefits of improved accountability and transparency in the public sector (UNAIDS, 2021).

The adoption of IPSAS compliant accounting methods necessitates an increased commitment of time and effort from the workforce. During the transition phase, organizations may need to rely on either their existing staff working beyond their regular duties or hire additional personnel, depending on the resources available to them. This adjustment period could be prolonged, and organizations might face the challenge of balancing their current workload with the demands of implementing IPSAS. As a result, they may require extra workforce to manage the transition effectively (Adamu, 2022).

The Government of the Republic of Zambia in 2009 adopted and implemented the International Public Sector Accounting Standards (IPSAS's) cash basis accounting. IPSAS in Zambia have been issued by the IPSASB to enable public organizations, ministries, and other spending agencies to prepare financial statements on an accrual basis. As part of its public finance control reform, the authorities in Zambia announced in 2019 their intention to adopt IPSAS as the reporting framework by 2020 (Government of the Republic of Zambia, 2019). In 2020, the Zambia Institute of Chartered Accountants (ZICA) was engaged to support the transition to accrual based IPSAS. Initially, the program was expected to be completed by 2020, but the timeline has been extended to 2027. The process of preparing for IPSAS implementation is currently underway, and ZICA is conducting sensitization workshops (ACCA 2017 report on IPSAS implementation status and challenges). However, the adoption of IPSAS is not without its challenges. ZiCA reports that cash-basis IPSAS are being used and that the adoption of full accrual IPSAS is expected by 2024. Current Status is that the IPSAS in Zambia are partially adopted.

1.2 Problem statement

There has been an increase in demand for public accountability and transparency by stakeholders in the preparation of transparent and understandable financial statements to facilitate meaningful internal control and monitoring of public resources (ICPAK, 2022). Thus, there has been calls for the national governments to move away from cash accounting to accruals accounting i.e. adopt IPSAS. This is because the IPSAS enhance accounting harmonization, better comparability of accounting systems globally and possibility of consolidating financial statements of the government (Regering, 2020).

Despite the many benefits attributed to accrual accounting for public sector, the application has generally been very low especially among African countries. For instance, 25 African countries have adopted IPSAS but only 5 have fully implemented representing about 20%. Zambia is amongst the countries which have not implemented IPSAS fully despite adopting it in 2009. Over the years, measures have been implored by the government to try and fully implement IPSAS, however very little progress has been achieved.

Musonda (2020) argues that the challenges of not fully implementing IPSAS could lead to lack of transparency in the way Government conducts its operations, lack of revenue management and poor quality of financial data. Ultimately, this would impair economic decision making by the government and other stakeholders. Moreover, many scholars have researched into IPSAS in developed and developing countries. However, they paid much attention to the benefits and challenges of IPSAS adoption in Africa when benefits can only accrue if IPSAS are effectively implemented. Considering this context, the incomplete implementation of IPSAS in Zambia may perpetuate issues such as corruption, lack of accountability, and transparency within the local government system. This study aimed to investigate the challenges encountered in implementing IPSAS by ministries and agencies.

1.3 Aim

The aim of this study was to investigate the challenges of implementing the IPSAS in government and various agencies in Zambia.

1.4 Goals and Objectives of the research

1.4.1 Goals

1. To identify the specific challenges faced by government ministries and agencies in implementing IPSAS.
2. To understand the reasons behind these challenges and barriers to successful implementation.
3. To enhance the knowledge and awareness of stakeholders about the benefits and importance of IPSAS adoption.

1.4.2 General objective

Examines the effect of implementing International Public Sector Accounting Standards (IPSAS) in Government agencies and ministries.

1.4.2.1 Specific objectives

1. To determine the level of implementation reached in adopting International Public Sector Accounting Standards (IPSAS) in the Zambian government ministries and agencies.
2. To ascertain the challenges encountered in implementing International Public Sector Accounting Standards (IPSAS) in government ministries and agencies.
3. To determine the effects of IPSAS implementation on financial reporting in the public sector.

1.5 Research questions

The study will be guided by the following objectives:

1. To what extent has IPSAS-based accrual accounting already been implemented in Zambia?
2. Why are there challenges in implementing IPSAS in government ministries and agencies in Zambia?
3. How do IPSAS implementation affect financial reporting in the public sector?

1.6 Significance of the study

This study aims to enhance confidence and improve decision-making in government financial reporting by emphasizing relevant disclosures and information displays for key stakeholders. It seeks to establish a framework for assessing stakeholder satisfaction in government accounting, contributing to the harmonization of public sector reporting and enhancing overall public finance management principles and reporting guidelines. The study will critically analyze commonly accepted accounting and financial standards for maintaining proper government books of account and prescribe quality control measures. Additionally, it will enhance public financial management and decision-making by promoting transparency and improving the governance framework of government accounting. The research will provide a chronological overview of the adoption process of IPSAS in Zambia, offering a historical perspective on IPSAS adoption in the country. This research work will assist various ministries, parastatals, and inter-ministerial agencies in implementing IPSAS for government financial transactions, improving revenue generation, and cost minimization. Furthermore, this research will be valuable to students and researchers, broadening their understanding beyond the information presented in this study.

1.7 Scope and location of the study

The research study was restricted to the understanding of the issues around of the Challenges of implementation of International Public Sector Accounting Standard (IPSAS) in government Ministries and agencies in Zambia.

1.8 Rationale

The rationale for conducting a study on the challenges in implementing the International Public Sector Accounting Standard (IPSAS) in government ministries and agencies is to understand the difficulties and obstacles faced by public sector organizations in adopting and complying with the international accounting standards. This research can help identify the specific challenges, such as lack of resources, technical expertise, and resistance to change, that hinder the successful implementation of IPSAS.

1.9 Definition of terms

IPSAS: Stands for International Public Sector Accounting Standard

International Public Sector Accounting Standards (IPSAS): refers to a comprehensive set of standards specifically designed for the public sector. These standards are established by an independent international standard-setting body and are widely regarded as the best accounting practices available for government entities.

Public sector accounting (PSA): involves recording, summarizing, analyzing, communicating, and interpreting financial transactions of government units and organizations. It encompasses all aspects of transactions related to the receipt, custody, and disbursement of government funds.

Accountability: accountability is the responsibility to demonstrate that work has been conducted in accordance with agreed-upon policies and standards. It entails officers reporting fairly and accurately on performance results in relation to mandated roles and plans.

Cash basis of accounting: the cash basis of accounting records revenue or income when actual cash is received and records expenditure when actual payment is made, regardless of the accounting period in which the services are rendered or benefits are received.

Accrual basis of accounting: states that revenue or earnings should be recorded and recognized in the accounts when earned, not when cash is received. Similarly, expenses should be recorded and recognized in the accounts when incurred, not when money is paid**.**

Budget: a financial plan that includes estimates of proposed revenue, expenditure, and the method of financing for a specific period, typically one year.

A budgeting system refers to the approach followed in preparing the budget to ensure that an organization can achieve optimal results from its resources.

Budgetary control: as defined by Reid (2003), encompasses the entire system of control, whether financial or otherwise, to ensure that income and expenditure align with the budgets and wastages are minimized. It is a crucial aspect of planning and appraisal activities within a public sector organization to achieve the set objectives.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This section presents relevant literature concerning the challenges associated with the implementation of the International Public Sector Accounting Standards (IPSAS) in government ministries and agencies. Conducting a literature review is of utmost importance as it allows researchers to gain a comprehensive understanding of the current knowledge in their chosen field, as well as the limitations and boundaries that exist within it. By doing so, the researcher can grasp the fundamental drivers of the subject matter and effectively contextualize their research question.

2.1 Empirical review

ACCA's 2017 study noted a number of implementation challenges for various countries across the globe that among others include; high initial consultancy costs (Indonesia), separate accounting systems for different government agencies and departments (Bangladesh), differing states of readiness across government entities (India), accountancy capacity gaps (Nigeria), varying bases of budgeting(cash) and reporting(accrual) (ACCA Global, 2017). Other challenges include an insufficient number of IPSAS experts and conflict between existing laws which were also noted by Salia and Atuilik, (2018). IFAC (2017) also attributed the slow direct adoption of IPSAS in many of the countries to serious issues including technical, cultural, and absence of personnel with essential skills, but the diversity of the challenges has shown that they are country-specific, and have also indicated that they depend on the implementation stage at which the implementing country stands.

Janardanam (2016) explains that no country in South Asia is fully compliant with the cash-basis IPSAS. Janardanam (2016) explains that the process of implementing IPSAS is long and there are some obstacles such as government support, communication, and expertise laws and regulations factors. The study argues that the major requirement to achieve the tectonic change of implementing IPSAS is a serious commitment at the top levels of government from both political and administrative angles. Similarly, in Europe virtually all the Countries have adopted IPSAS, likewise virtually all South American countries have decided to implement IPSAS. Tremendous progress has been made across the world so far.

In 2005, researchers from Queens University, Belfast published the results of their research in the costs and benefits of adopting accrual accounting in Northern Ireland (NI), a region of the UK (Hyndman and Connolly, 2005). Their research concluded that serious deficiencies in the accounting skills available contributed to a rushed, confusing and uneven implementation process. There was little evidence that (accrual accounting) information was extensively used in decision making within the NI public sector. Many interviewees identified the problems of unnecessary complexity and incomprehensibility of their information undermining its potential use. International journal on governmental financial management- in (2008) found out that while no department had prepared a budget for the introduction of (accrual accounting), or kept records of actual costs, the costs were perceived as being substantial. Many of the costs of introducing accrual accounting will be ongoing rather than being ‘one off. This will include, for example, the increased costs of employing significantly more professionally qualified accountants (Hyndman and Connolly, 2005). Governments have traditionally had few qualified accountants in their civil service because of the simplicity of their cash accounting systems, For example, in 2002 Norway had only one professionally qualified accountant on the staff of its Ministry of Finance.

In Nigeria, poor conditions of service makes it burdensome to attract qualified personnel needed for IPSAS implementation and it is also not easy retaining the services of staff trained internally (Akhidime, 2010; Akhidime & Ekiomado, 2014; Ijeoma & Oghoghomeh, 2014). This suggests that government policies must not only be targeted towards attracting or training IPSAS experts but also aimed at improving conditions that will bring about staff retention within the public sector institutions. It has also been suggested that successful IPSAS implementation largely depends on a reliable government financial management information system (Atuilik, Adafula, &Asare, 2016).

A 2012 Eurostat report prepared by EY, Overview and Comparison of Public Accounting and Auditing Practices in the 27 EU Member States, revealed that 8 EU member Estonia, France, Hungary, Malta, Poland, Spain, Sweden, and UK applied accounting standards that were 75%

or more aligned with IPSAS for their PSEs, while IFAC reports that Austria, Cayman Islands, Chile, Guatemala, Peru, and Switzerland have fully adopted IPSAS, and at least 21 other countries have partially adopted IPSAS (Jensen, 2016). But the extent of its application in different countries varies, due to varying political, economic and legislative conditions (Trang, 2012). Indeed, countries with strict legal systems tend to obstruct new accounting reforms, as well as countries in debt crisis, that cannot invest in IPSAS reforms (Amor and Ayadi, 2019).

Hamisi (2012) highlighted several factors affecting IPSAS implementation in Kenya amongst which are international supports, change management, implementation cost and budgeting. Tickell (2010) opined that IPSAS implementation is dependent on several factors such as improved skill level of existing accounting personnel, labour turnover rate, investment in technology and type of capital equipment used in reporting public sector reporting information. Despite the obvious need for training, IPSAS training is viewed as a costly project which many governments are either unable or unwilling to undertake especially where there are so many competitive developmental needs. The expensive cost of training coupled with high labour turnover rate in government makes financing of IPSAS unattractive.

Felix (2016) explained that an effective implementation of IPSAS is based on factors such as the level of skill of the existing accounting personnel, the rate of labour turnover, the level of investment in technology and type of capital equipment used in reporting public sector reporting information. Tickell (2010) argued that migrations to and use of accrual accounting method does usually result in greater transparency and accountability in the public sector entities. He however identified existence of capacity gap in the public sector compared to that of the private sector as the main bane towards achieving full IPSAS compliance in most countries. This argument by Tickell (2010) highlights the need for thorough training, re-training, and retention of accounting staff in public sector institutions. It also reinforces the need for series of seminars and workshops to raise public awareness, educate and train various practitioners to guarantee a smooth transition to IPSAS.

It has also been suggested that successful IPSAS implementation largely depends on a reliable government financial management information system exists (Atuilik, Adafula, & Asare, 2016; Omolehinwa & Naiyeju, 2015). However, financial conversion cost is documented as one of the leading factors hampering the attainment of this objective. According to Mhaka (2014), statutory bodies and regulators usually require funding to train professional accountants, regulators, and preparers of public sector financial statements in order to ensure a smooth transition to a fully operational IPSAS regime. Even so, the financial outlay including consultancy costs, information technology needs, and enterprise resource planning (ERP) implementation costs are often too huge that most developing nations are unwilling to bear (Irvine & Lucas, 2006). For example, Zimbabwe had to grapple with the shortage of professional accountants, regulators, and auditors in the public sector during the implementation of IPSAS because of the huge cost involved in providing training (Martins, 2011). The challenges presented as impediments against successful IPSSAS implementation can thus be summarized as follows: IPSAS is too complicated; there is a shortage of professionals with IPSAS expertise to support implementation; lack of local expertise with IPSAS knowledge; significant additional cost of implementation; conflict with local laws; differences in implementation process and strategy; and lack of clear implementation guidelines (Atuilik, 2017; Atuilik, Adufula & Asare, 2016). This study assesses whether any of these perceived challenges did actually impede the implementation of IPSAS in Liberia.

It is therefore, without doubt, crucial to be aware of the existence of diverse obstacles and difficulties which indicate the hard and costly road, such as the government support, implementation costs and inadequate capacity among others in the implementation of IPSAS (Rodica, 2019).

2.1.1 International public sector accounting standards.

Akinleye and Alaran-Ajewole, (2018) state that International Public Sector Accounting Standards, are a set of accounting standards developed by the IPSAS Board, a part of the International Federation of Accountants (IFAC). These standards are used worldwide by public sector entities to prepare their financial statements.

The adoption of IPSAS brings several benefits, including improved comparability and disclosure of financial information. This, in turn, enhances accountability and transparency within the system. Before the introduction of IPSAS, there were no internationally recognized reporting requirements specifically designed to regulate governments' reporting on the use of public funds (Brown, 2013).

IPSAS was created to address issues that were either not covered by existing international financial reporting standards (IFRS) or lacked specific IFRS guidelines (Ademola et al., 2017). The absence of a credible and high-quality international reporting framework for the public sector led to documented incidents of sovereign write-downs and debt defaults.

By implementing IPSAS, governments and public sector entities can provide more reliable financial information to stakeholders and improve their financial management practices, thereby reducing the likelihood of financial crises caused by inadequate reporting standards.

2.1.2 History of Accounting Standards

Haregemar (2023) is of the vie that over the past ten years, the adoption of International Public Sector Accounting Standards (IPSAS), the counterpart of International Financial Reporting Standards (IFRS) that regulate financial accounting in private commercial enterprises, has gathered speed. The IPSASs governs financial accounting procedures for government entities other than for-profit public companies (Wang & Miraj, 2018). Therefore, it should be noted that International Accounting Standards/International Financial Reporting Standards (IAS/IFRS) is a widely recognized and accepted set of accounting standards for preparing financial statements by business entities. These standards were developed by the International Federation of Accountants (IFAC) with the primary objectives of promoting transparency, accountability, comparability, and efficiency in financial markets (IFAC, 2016). Due to their consistency, IAS/IFRS has been adopted worldwide, facilitating clear communication of financial results to stakeholders and investors, especially as many businesses operate internationally. The convergence of accounting standards aims to enhance the global accountability of financial information and cater to the diverse needs of stakeholders in international markets (Christiaens et al., 2015). For instance, stock markets like the London Stock Exchange require companies to comply with IFRS as a prerequisite for listing, effectively making it mandatory for public limited companies to adhere to these standards. This convergence has resulted in greater harmonization and improved financial reporting practices worldwide.

The current accounting requirements, such as IAS/IFRS, were primarily developed with a focus on private sector companies, which has led to challenges when applying them to public sector entities (Jones and Pendelbury, 2000). This has resulted in numerous studies and debates surrounding the convergence/harmonization of public sector accounting and reporting. Cretu et al. (2011) argue that the IAS framework primarily caters to the needs of private companies, centered around revenue generation and financial benefits. However, this perspective overlooks the importance and attractiveness of public sector organizations, which also have international investors and stakeholders to whom they are accountable.

Public sector entities face unique responsibilities, including justifying budgets, providing evidence for funding requests, managing tax revenue, controlling expenses, and balancing their needs with available resources. Hence, efficiency and financial considerations are crucial for them as well. Neglecting public sector accounting would be a mistake as it plays a vital role in ensuring transparency and accountability to the public and other stakeholders (Beredugo, 2021). To better serve the interests of all involved stakeholders, there is a need to address the specific requirements and complexities of public sector entities and harmonize accounting standards accordingly. This approach will ensure that financial reporting caters to the diverse needs of both private and public sector entities, promoting transparency and accountability across the board.

The International Federation of Accountants (IFAC) established the International Public Sector Accounting Standards Board (IPSASB) with the primary objective of improving government financial accountability and transparency to facilitate better decision-making on resource allocation (Opanyi, 2016). The widespread adoption of IPSAS is expected to enhance the quality and harmonization of government financial reports, thereby attracting foreign investment and capital from global markets and yielding positive outcomes for the global economy. IPSAS encompasses a comprehensive set of International Accounting Standards (IAS) specifically tailored for the public sector, including national governments. Its increasing adoption is supported by prominent organizations like the World Bank and IMF, which advocate for sound accounting practices in the public interest (Jensen, 2016).

The approach behind IPSAS was to build upon the existing IFRS standards and address public sector-specific issues not covered by IFRS (Jones and Pendelbury, 2000). IPSASB aimed to maintain the accounting treatment and text of the associated IFRS, except when significant public sector considerations necessitated deviations from the original IAS/IFRS.

IPSAS was developed to enhance financial accountability in the public sector, promote transparency, and facilitate better decision-making, ultimately contributing positively to the global economy. It builds upon IFRS while addressing specific public sector issues where necessary.

While IPSAS was initially constructed with the assumption that there are many common transactions between the private and public sectors, critics argue that the two categories of requirements do not fit well in practice (Chan, 2008). The reason is that the public sector is fundamentally distinct from the private sector, and scholars have raised concerns about the relevance of basing IPSAS on IFRS (Cretu et al., 2011). Trang (2012) also supports this view and points out that IPSAS, derived from IFRS, presents a contradictory solution since it lacks a specific framework designed to acknowledge the significant differences that set governments apart from for-profit corporations. As a result, some IPSAS standards, such as IPSAS 10, 15, and 16, have been deemed inappropriate in the public sector settings.

The need for standards that address issues like depreciation and fair valuation of assets, as well as the recognition of income and losses in the statement of financial performance, has also been questioned (Trang, 2012). The concern is that these aspects may not fully align with the unique characteristics and requirements of the public sector. While the idea of having a single set of accounting standards for both private and public sectors was plausible, critics argue that the actual implementation of IPSAS based on IFRS has revealed significant differences between the two domains. Some IPSAS standards are seen as unsuitable for the public sector, and there are doubts about certain accounting principles being applicable to government entities. Addressing these concerns would require a more tailored approach to suit the distinct nature of the public sector.

The process of developing reporting standards in accordance with the IFRS involves a transparent and participatory approach. The IASB, as the standard-setting body, follows a systematic procedure before issuing new standards. It begins by defining international standard-setting priorities through a thorough review and consultation process, which includes input from post-implementation reviews of existing standards and review requests from the IFRIC.

Subsequently, the board initiates a research program to explore various issues, identify potential solutions, and determine whether standard-setting action is necessary. This involves issuing discussion papers and seeking public input and feedback. If sufficient evidence supports the existence of an accounting issue, the board proceeds to develop a new standard or amend an existing one based on the research and feedback received during the consultation period.

To ensure a comprehensive understanding of the implications, the IFRS technical team engages with stakeholders from around the world to gather additional evidence. The board then carefully analyzes the feedback received, refines the proposals, and eventually publishes a new standard or an amendment to an existing one.

The process does not conclude with the issuance of the standards. The IASB provides ongoing support for implementation, assisting entities in identifying and resolving implementation issues. Additionally, IFRIC interpretation papers may be issued to aid entities in better understanding and applying the standards or proposing narrow-scope changes.

Furthermore, post-implementation reviews are conducted to assess whether a standard is achieving its intended objectives. If necessary, amendments may be considered to improve the standard's effectiveness (IFRS Standard-Setting Body, 2017). This comprehensive and collaborative approach ensures that the IFRS standards continue to meet the evolving needs of global financial reporting.

2.1.3 Benefits of IPSAS

According to Beredugo (2021), the need to hold the government accountable for results is becoming more desirable and this makes the demand for quality financial reports imperative as financial reports remain the only means to communicate organizations’ financial affairs to its stakeholders. The World Financial Institution has played an active role in supporting the development of International Public Sector Accounting Standards (IPSAS). They have been actively involved in the technical agenda and have provided significant funding for the program. Working together with the Organization for Economic Cooperation and Development's Development Assistance Committee (OECDDAC) and various multilateral development banks, the World Bank is co-sponsoring a project to create an IPSAS on accounting for development aid. Their participation in this endeavor demonstrates their commitment to improving the quality of financial reporting by governments and their agencies (World Bank, 2014).

According to the United Nations (UN, 2013), IPSAS requires the inclusion and presentation of additional information about assets, liabilities, revenues, and expenses of an organization. For example, IPSAS mandates the presentation of all acquired assets, such as real estate, equipment, and intangible assets, along with their gradual depreciation or amortization over their useful life. These specific requirements promote better management and stewardship of an organization's assets. IPSAS adoption also leads to more accurate recognition of liabilities arising from past transactions and events, including the complete recognition of employee benefit liabilities. Implementing IPSAS necessitates improvements in the organization's management framework and facilitates enhanced resource management and decision-making. Moreover, IPSAS provides more comprehensive information about revenues and expenses, supporting strategic planning and results-based management.

Governments' adoption of IPSAS will enhance the quality and comparability of financial information reported by public sector entities worldwide (IFAC, 2004). Financial statements are structured representations of an entity's financial position and the transactions it undertakes. The general objectives of financial statements are to provide information about an entity's financial position, performance, and cash flows that are useful to a wide range of users in making and evaluating resource allocation decisions. In the public sector, the specific objectives of financial reporting should be to provide information that is useful for decision-making and to demonstrate the entity's accountability for the resources entrusted to it. This includes presenting information about the allocation and use of financial resources, how the entity financed its activities, and met its cash requirements, as well as evaluating its ability to finance its activities, meet its liabilities, and fulfill its commitments. Financial statements also serve to communicate the entity's financial condition and changes in it, as well as aggregate data that helps assess the entity's performance in terms of service costs, efficiency, and achievements. Additionally, financial reporting may have a predictive or prospective role, offering information useful in predicting the resources needed for continued operations, resources that can be generated through continued operations, and associated risks and uncertainties.

Furthermore, financial reporting can provide users with information indicating whether resources were acquired and used in line with legally adopted budgets and if they were used in accordance with legal and contractual requirements, including financial limits set by relevant legislative authorities

2.1.4 Challenges of adopting IPSAS

The implementation of IPSASs incurs certain costs that need to be considered. Government agencies or statutory bodies responsible for enforcing accounting policies require funding to facilitate the rollout of IPSAS implementation. These costs encompass various aspects, including research, training, technology upgrades, and consultancy services. It is essential to secure sufficient financial resources to support the successful adoption and integration of IPSAS standards.

Most countries have partially adopted the accrual-based IPSAS, but are waiting for the completion of certain financial management information system projects that support full implementation. Some states use the built-in IPSAS but it is not fully in compliance with actual IPSAS requirements due to legal adjustments. The quality of accounting in the public sector remains a serious problem, although the number and number of ratings has declined. The main reason for qualified, unfavorable and negative opinions is the inadequate or lack of documentation of the amounts disclosed in the financial statements (FAAC, 2020).

Furthermore, the implementation of IPSAS may require political goodwill and support, considering the existence of diverse perspectives on accountability within the public sector. Some stakeholders may have different opinions or concerns regarding the implications of enhanced accountability through IPSAS implementation. Building political consensus and garnering support among relevant authorities are crucial steps in ensuring the smooth adoption of IPSAS and its effective implementation. This process may involve engaging in constructive dialogues, addressing concerns, and highlighting the benefits of improved accountability and transparency in the public sector (UNAIDS, 2003).

2.1.4.1 IPSAS is time consuming.

The adoption of IPSAS compliant accounting methods necessitates an increased commitment of time and effort from the workforce. During the transition phase, organizations may need to rely on either their existing staff working beyond their regular duties or hire additional personnel, depending on the resources available to them. This adjustment period could be prolonged, and organizations might face the challenge of balancing their current workload with the demands of implementing IPSAS. As a result, they may require extra workforce to manage the transition effectively (Adamu, 2014)

2.1.4.2 High implementation costs

The survey results indicated that the main obstacle to adopting IPSAS was the significant cost involved. Respondents highlighted that the most substantial cost factor was obtaining the necessary information to comply with accrual IPSAS. Items such as assets (property, plant, and equipment) and liabilities (pensions) were not recognized in the current financial statements. To adhere to accrual IPSAS, these items would require appropriate financial values, which would necessitate costly valuation exercises conducted by actuaries, consuming both time and money. Additionally, the lack of readily available data on the government's actual assets posed a challenge, and conducting a thorough inventory of such assets would require considerable time and staff.

The shortage of professional expertise further amplified the need for extensive training of existing staff and the recruitment of qualified accountants or IPSAS professionals. The shift from cash basis to modified cash basis accounting had already incurred significant costs for training over a thousand staff in more than 370 entities. Preparing for a full transition to accrual IPSAS was expected to cost even more. Educating non-accountant stakeholders, such as politicians and decision-makers, about the benefits of accrual IPSAS would also require additional resources. Furthermore, ensuring that government officials and accountants understand and interpret financial reports prepared in accordance with IPSAS is crucial and contributes to creating a favorable environment for IPSAS implementation (Adhikari et al., 2015).

While one participant believed that the current IFMS (Integrated Financial Management System) was sufficient for IPSAS, the majority disagreed, stating that the system was designed for cash and modified cash basis accounting and would not adequately support full accrual IPSAS. The continuous creation of new government entities utilizing manual accounting systems added to the need for further investment in IT infrastructure and software. Therefore, upgrading the existing systems or implementing new and reliable government financial management information systems was emphasized as crucial for successful IPSAS implementation, as suggested by Salia and Atuilik (2018).

2.1.4.3 Potential risks

The implementation of IPSAS is a complex and extensive change management process. Although it brings numerous benefits in the medium and long term, it also comes with short-term costs and challenges that demand careful attention from the executive heads of all involved organizations.

2.1.4.4 Inadequate Professional Capacity

Undoubtedly, the adoption of IPSAS and the practice of financial statements in accordance with its standards require a pool of qualified accounting professionals. However, the study's findings reveal that, particularly in the public sector, faces a shortage of highly skilled accounting professionals. The number of certified accountants in government remains low, primarily due to the relatively lower pay compared to private-sector counterparts. As a result, job advertisements often struggle to attract the caliber of professional accountants that the government needs.

Furthermore, the few accountants working in the government sector often lack adequate knowledge about IPSAS requirements. This knowledge gap is not only due to the complexity of accrual IPSAS but also because the skills acquired from university education may not focus on the specific accounting needs of the public sector. In many cases, professional accounting qualifications are not given priority for career advancement, with more emphasis placed on undergraduate bachelor's degrees, particularly in commerce and business-related fields, for entry-level positions. Membership in professional bodies like ACCA (Association of Chartered Certified Accountants) has been considered as an additional benefit.

The inadequacy of professional accounting expertise is identified as one of the significant barriers being faced in successfully implementing IPSAS. This issue has been highlighted in the literature on IPSAS implementation in various countries. The lack of technical staff and accounting professionals poses a significant constraint on any government accounting reform, which aligns with the views expressed by the respondents in this study (Huweish and Alshujairi, 2014; Salia and Atuilik, 2018; Lima and Lima, 2019; Chan, 2006).

Addressing this shortage of skilled accounting professionals is crucial to overcome the challenges and ensure the effective implementation of IPSAS in public sector. It requires a focus on training and development, incentivizing accounting expertise in the public service, and creating an environment that recognizes the value of professional qualifications and technical proficiency in government accounting practices.

2.2 Implementation of IPSAS in different countries; the dynamics

IPSAS adoption and implementation have gained widespread recognition worldwide, with various corporations and international financial institutions actively supporting and encouraging its use in different countries. For instance, the Swedish global development groups have invested in the East and Southern African Association of Accountants to assist countries such as Kenya, Botswana, Malawi, Lesotho, Mozambique, Mauritius, Rwanda, Namibia, Tanzania, South Africa, Swaziland, Uganda, Zimbabwe, and Zambia (Carolini, 2010).

However, Carolini (2010) pointed out that the current design and articulation of IPSAS fall short in adequately considering and addressing the perspectives and concerns of governments in the global south. This observation suggests that there is room for improvement in making IPSAS more relevant and applicable to the specific contexts of these countries. For example, in Ghana, a study revealed a significant lack of harmonization between the existing financial reporting laws and the requirements of IPSAS (Amanamah, 2017). This discrepancy highlights the need for aligning IPSAS with the local regulatory framework to ensure seamless adoption and implementation. While IPSAS has gained popularity and support globally, it is essential to take into account the unique needs and viewpoints of governments in the international south to enhance its effectiveness and relevance. Additionally, efforts should be made to harmonize IPSAS with existing financial reporting laws in specific countries to ensure a successful and smooth transition.

According to the findings of Amor and Ayadi (2019), countries with modern accrual-based accounting systems, flexible legal frameworks, and internationally accepted private accounting standards like IFRS are more likely to experience smooth IPSAS implementation. This explains why countries like New Zealand and Australia are further ahead in adopting IPSAS. On the other hand, some countries, especially in the continental European region, show less interest in adopting IPSAS due to differences in their accounting traditions (Rodica Gabriel and Farcane, 2019). These factors contribute to the slow progress in implementing IPSAS by most public sector entities (PSEs).

Based on a 2012 Eurostat report by EY, several European member states have partially or fully aligned their accounting standards with IPSAS for their PSEs. Some countries, like Austria, Cayman Islands, Chile, Guatemala, Peru, and Switzerland, have fully adopted IPSAS, while at least 21 other countries have partially adopted them (Jensen, 2016). However, the extent of IPSAS application varies in different countries due to various political, economic, and legislative circumstances (Trang, 2012). Stricter legal systems and countries facing debt crises tend to hinder the adoption of new accounting reforms like IPSAS (Amor and Ayadi, 2019).

Rodica Gabriel and Farcane (2019) highlight an ongoing debate about the necessity and potential success of IPSAS requirements, suggesting that it is too early to predict their full impact on the public sector. However, evidence shows significant benefits of IPSAS adoption and implementation in countries such as New Zealand, Indonesia, India, Nigeria, Tanzania, Kenya, Cameroon, and Ghana. These advantages include improved quality and reliability of government financial reports, increased accountability and transparency, enhanced financial reporting and auditing effectiveness, sound financial management systems, attraction of foreign investments, and government stability (Ekelot, 2016).

Studies conducted in Nigeria demonstrated that IPSAS implementation increased the reliability of financial reporting, provided better financial integrity assurance, facilitated policy analysis, and promoted good governance (Udeh and Samuel, 2015). Additionally, IPSAS adoption is believed to enhance foreign direct investment and improve the country's reputation by combating corruption, fraud, irregular transactions, and asset embezzlement (Ogundele and Ogundele, 2017; Abimbola Jegede, Kolawole, and Olufunke, 2017).

In Liberia, IPSAS adoption was found to improve the quality and reliability of government accounting information, align government financial accounting with international standards, increase accountability and transparency, and encourage public-private sector partnerships in the economy (Salia and Atuilik, 2018). Success stories supported by researchers and auditors, as indicated by ACCA's survey, demonstrate that IPSAS is fulfilling its intended purposes, making it the de facto global benchmark for evaluating government accounting practices worldwide, as advised by KPMG (2013).

However, some scholars, including Opanyi (2016), have pointed out that despite the benefits, IPSAS may have a limited positive impact on financial reports, as it may reduce their understandability. Non-accountant users, including the general public and decision-makers like politicians, may find accrual-based IPSAS financial statements too complex to interpret and comprehend fully. The implementation challenges faced by various governments might limit their ability to achieve the full potential benefits of IPSAS, and these challenges cannot be ignored.

According to ACCA's 2017 study, various countries across the globe face implementation challenges when adopting IPSAS. These challenges include high initial consultancy costs in Indonesia, separate accounting systems for different government agencies and agencies in Bangladesh, varying levels of readiness across government entities in India, accountancy capacity gaps in Nigeria, and discrepancies between cash-based budgeting and accrual-based reporting

(ACCA Global, 2017). Other hurdles include a shortage of IPSAS professionals and conflicts with existing laws, as highlighted by Salia and Atuilik (2018). IFAC (2017) also attributes the slow adoption of IPSAS in some countries to technical, cultural, and skill-related issues, emphasizing that the challenges are country-specific and depend on the implementation level of each country.

It is crucial to recognize the presence of these diverse obstacles and issues, which indicate the difficult and costly journey that lies ahead. Addressing these challenges involves considering factors such as the legal framework's significance, cultural and language differences, and the attitude of public administrations towards the benefits of data comparability on a supranational level (Rodica Gabriel and Farcane, 2019).

While adopting and implementing IPSAS has shown significant advantages for various countries, as demonstrated by various scholars, progress towards full compliance with accrual-based IPSAS requirements by all PSEs, including the consolidated financial statements of the government of Zambia has been slow. The IPSAS pronouncements manual (2018 edition) emphasizes that financial statements should be considered IPSAS compliant only if they adhere to all the requirements of each relevant standard. The lack of substantial progress in achieving full compliance may be attributed to the diverse implementation challenges and hindering factors. This research aims to identify and understand these challenges specific to Zambia’s perspective. It is worth noting that similar studies have been conducted in different countries, yielding varied findings depending on the country and its level of implementation, making it essential to avoid generalizing findings from other countries to fully account for the impediments in Zambia’s case.

It's far hoped that elements brought out in this examine are especially strange to the Zambian public quarter entities. The outcomes could be applicable to traditional setters, the Zambian authorities’ regulators and entities, ICPAU and subsequent researchers.

2.3 Literature matrix

Author	Journal/Book	Study	Findings	Gap/s
Amor, D. B., and Ayadi, S. D. (2019)	*Journal of Accounting and Management Information Systems*, 18(2), pp. 262–282.	‘The profile of IPSAS-adopters’	IPSAS are perceived as the benchmark of public sector’s accounting standardization. Their adoption becomes highly promoted by several institutional organizations such as the World Bank and the IMF.	Does not address the challenges of implementing the IPSAS
Amanamah, R. B. (2017)	*International Journal of Accounting and Financial Reporting*, 7(2), p. 178-285.	‘Benefits and Challenges of International Financial Reporting Standards Adoption in Ghana: Accounts and Business Managers’ Perspective’,	There has been minimum challenges in the implementation of the IPSAS in Ghana	The findings cannot be generalized to the Zambia context due differences in the governance structures and departments
Oyewobi, I. A., & Salawu, R. O. (2019).	*Accounting and Taxation Review*, *3*(2), 57-65.	Determinants of the Adoption of International Public Sector Accounting Standards in Lagos State.	An increase in determinants of IPSAS will raise the likelihood of the occurrence of higher level of adoption of IPSASs	Focused on the determinants of adoption and not on the challenges affecting the implementation of IPSAS
Yosra, M. & Yosra, G. (2017).	*International Journal of Public Administration, Taylor Francis online, 2 (1): 1-4.*	Institutional and Economic Factors Affecting the Adoption of IPSASs.	Economic factors play a vital role in the adoption of IPSAS	The study only focused on one factor affecting IPSAS

Atuilik, W. A. (2016),	*International Social Science and Economic Research, 1(6), 676.*	Transitioning to IPSAS in Africa: An Analysis of Benefits and Challenges	IPSAS are of interest to public sector accounting in many African countries	Dwelt much on the transitioning process of IPSAS in Africa
Sharba, A. H., & Al Baldawi, S. A. (2020).	*Utopía y praxis latinoamericana : revista internacional de filosofía iberoamericana y teoría social, (1), 420-430.*	IPSAS in the Municipal Sector of Iraq and its Importance of Optimal Use of General Funds in Provision of Services.	Adoption of IPSAS enhance accountability among municipalities	The study concentrated on the importance of IPSAS and not challenges affecting implementation
Mnif Sellami, Y., & Gafsi, Y. (2019).	*International Journal of Public Administration, 42(2), 119-131.*	Institutional and economic factors affecting the adoption of international public sector accounting standards	External public funding (coercive isomorphic pressure), the degree of external openness (mimetic isomorphic pressure), and public sector organizations are of importance on IPSAS adoption	The study was aimed at understanding only institutional and economic, other variables used in this study were not addressed
Olaoye, F. O., & Talabi, A. O. (2018).	*Research Journal of Finance and Accounting, 9(1 4), 68-74.*	International public sector accounting standards (IPSAS) and credibility of financial reporting in Nigeria Public Sector: An	IPSAS plays a cardinal role in financial reporting in Nigeria	The study did not address the challenges of implementing IPSAS

		Improvement or a Reuse		
Mhaka, C. (2014).	*International Journal of Financial Economics, 3(3), 134-141.*	IPSAS, a guaranteed way of quality government financial reporting? A comparative analysis of the existing cash accounting and IPSAS based accounting reporting.	IPSAS based financial reporting enhances accountability	The study focused on IPSAS based financial reporting
Bekiaris, M., & Markogiannopoulou, A. (2023).	*Journal of Public Budgeting, Accounting & Financial Management, 35 (1), 115-140.*	Enterprise resource planning system reforms of European Union member states in association with central government accrual accounting and IPSAS adoption	Many European countries have reformed the adopted IPSAS	Did not address the challenges of implementing IPSAS and cannot be generalized to Zambia

Table 1: Literature matrix

2.4 Benefits of the literature reviewed

Literature on IPSAS adoption has provided insight into the complex nature of instituting accounting changes within the public sector. This insight may serve as an important input throughout the implementation process. However, a large proportion of the literature dedicated to accrual accounting in the public sector focuses on whether it is actually beneficial or not. Studies on the use of accrual based accounting in the public sector (in this case on the government of the United Kingdom) have reported that accrual-based accounting has assisted decision-makers to better understand how they are using their financial resources by, among other things, offering more detailed information to manage assets and liabilities. This has assisted decision-makers to identify underutilized assets and to dispose of those no longer required (Meyers, 2020). 24 Other studies have taken a more critical approach to accrual accounting in the public sector, pointing to the fact that there is a lack of empirical research indicating that benefits outweigh costs in moving from cash based to accrual-based accounting (Wynne, 2007). Arguments are also being made that accrual accounting is based on a private sector model that is not appropriate for the public sector as it may divert attention away from the real issues (Christensen, 2007).

2.5 Short coming of the literature reviewed

Some common shortcomings of the literature reviewed on the challenges in implementing IPSAS in government ministries and agencies include lack of empirical evidence. Many studies rely on theoretical frameworks and case studies rather than empirical data, making it difficult to draw concrete conclusions about the challenges faced in implementing IPSAS. There is limited scope of some of the literature reviewed. This is because some literature may focus on specific aspects of IPSAS implementation, such as technical issues or organizational barriers, without considering the broader context or interconnected challenges. There is also lack of comparative analysis. Few studies compare the challenges faced by different countries or regions in implementing IPSAS, limiting the understanding of how factors such as political, cultural, and economic differences may impact the process. Bias and subjectivity have also been noticed. Some literature may be influenced by the perspectives of the authors or funding sources, leading to biased interpretations of the challenges in implementing IPSAS.

2.6 Theoretical Literature Review

The following Section reviews the theoretical perspectives of public sector accounting that is relevant for this study, drawn on agency theory, stewardship theory, institutional theory and political theory.

2.6.1 Agency Theory

A significant portion of governance studies draws from business enterprise principles, emphasizing the importance of accountability to address the principal-agent problem (Berle & Means, 1932). The agency theory, introduced by Jensen and Meckling in 1976, focuses on the relationship between principals (government) and agents (public sector managers). Agents act on behalf of principals, but it's challenging for principals to specify every possible action the agent should take due to bounded rationality. The principal-agent relationship faces challenges due to hidden information, sunk costs, and opportunism, which can exacerbate the problem (Fama & Jensen, 1983). Jensen and Meckling (1976) argued that the separation of ownership and control creates an agency problem, where managers, acting as agents, might not always act in the best interests of shareholders or owners who are the principals. Misalignment of interests between parties contributes to agency costs, which encompass monitoring costs borne by the principal, bonding costs for the agent, and residual costs. These agency problems arise because managers may not always prioritize maximizing shareholders' wealth and might act in favor of their own interests or seek to maximize company growth rather than profits in decision-making. To address inefficiencies, Jensen and Meckling (1976) proposed enhancing managerial incentives for cost-maximizing decisions. Agency theory deals with information asymmetry, where agents may possess more information than the principal. In the case of IPSAS implementation, public sector accountants and officials are expected to provide accurate and comprehensive financial information to the government. IPSAS reduces information asymmetry by setting standardized reporting rules, enabling the government to better monitor the actions and performance of its agents

2.6.2 Stakeholder Theory

According to the resource dependency theory, directors play a crucial role in providing resources, including information, expertise, key materials (suppliers, buyers, public policy decision-makers, social organizations), and legitimacy to reduce uncertainty. This, in turn, lowers transaction costs and allows the organization to connect with external networks more effectively. Consequently, the organization can gather valuable information and expertise from various sources.

Lawrence and Lorsch (1967) extended the resource dependency theory by highlighting its influence on corporate governance. They argued that successful companies adapt their internal structures to align with external environmental demands. Pfeffer (1972) supported this idea and explained that the size and composition of the board of directors are rational responses to the conditions of the external environment. He further emphasized that external independent directors can bridge the gap between the organization and external sources, helping to overcome uncertainty, which is crucial for the long-term sustainability of the company. The application of stakeholder theory in the context of IPSAS implementation highlights the significance of recognizing and addressing the interests and needs of a wide range of stakeholders. IPSAS, by enhancing accountability, transparency, and the quality of financial reporting in the public sector, aligns with the principles of stakeholder theory, ultimately benefiting both government entities and the broader community.

2.6.4 Institutional Theory

Institutional theory is a widely accepted conceptual framework that highlights the significance of groups within social and cultural systems. It delves into the fundamental and enduring aspects of social organization, focusing on the dynamics through which systems, such as patterns, regulations, norms, and practices, serve as authoritative guides for social behavior (Scott, 2004). Different dimensions of institutional theory shed light on the creation and evolution of these elements over time.

The prominence of institutional theory is commonly viewed through a regulatory lens. A robust legal environment encourages the adoption of good governance practices due to heightened incentives for businesses. Various nations have developed distinct governance codes, which serve as models for practice within their respective jurisdictions (Stulz et al., 2004). The central premise of institutional theory is that organizations are interconnected with their external environments. Consequently, governance mechanisms should ensure a clear alignment between an organization's goals and its environment. Effective governance plays a pivotal role in formalizing and delineating corporate objectives. Cohen et al. (2007) propose that devising a compensation policy necessitates a deep understanding of the organization's norms and traditions. However, these established norms often resist change, even in the face of substantial shifts in job roles and technological complexity. The acceptance or rejection of such changes must be examined in light of historical, social, and political contexts that influence the recognition of organizational transformations.

According to Weir et al. (2002), corporate governance encompasses both external and internal mechanisms, which are closely tied to the principles of institutional theory. This theory elucidates the fundamental and enduring aspects of social structure, including processes, patterns, rules, norms, and routines that have solidified as authoritative guidelines for societal conduct. Institutional theory helps explain the adoption of IPSAS in Zambia as a response to institutional pressures, normative expectations, and the pursuit of legitimacy and resources. The decision to implement IPSAS is influenced by the desire to conform to global institutional norms and to improve the country's standing in the international community in terms of public sector financial reporting.

2.6.5 Political Theory

Political theory introduces an approach to securing voting support from shareholders that differs from the practice of purchasing voting power. Consequently, the presence of political influence within organizations can significantly shape corporate governance. The consideration of public interest becomes paramount as governmental involvement in corporate decision-making is taken into account, especially in light of cultural complexities (Pound, 1992). The political model underscores that the distribution of corporate power, profits, and privileges is influenced by government preferences. This political perspective on governance can exert a profound impact on governance patterns. In recent decades, the government of a nation has been observed to wield substantial political leverage over corporations. As a result, political factors become intertwined with the organizational governance structure or mechanisms.

2.6.6 Public Choice Theory

In keeping with Buchanan and Tullock (1990) public choice theory (PCT) involves the interplay of the general public, the politicians, the bureaucracy and political motion. PCT refers to the use of monetary tools to cope with conventional political trouble. Rowley (2008) supports PCT as he contends that it consists of the look at of political behavior. PCT has roots in effective analysis and its miles used additionally in normative evaluation so one can become aware of issues or improvements to apply monetary evaluation for overall performance development. The praise system within the public zone isn’t oriented toward improving overall performance and consequently there are no incentives for politicians and bureaucratic to govern expenses. PCT additionally argue that public bureaucracies are notoriously sluggish to respond to exchange in environment as well as being irresponsible to service users within the public zone. Spira and Page

(2013) as a critical element of a strong public quarter governance structure, auditing helps the governance roles of oversight, perception and foresight capabilities. The Enterprise's success is measured more often than not by its capability to deliver services successfully and perform packages in an equitable and appropriate way to the pride of shareholders.

2.6.7 Main theories used in the study

The main theories used in the study included agency theory, political theory, and public choice theory which provided valuable insights into the motivations, behaviors, and decision-making processes of various stakeholders involved in the adoption and implementation of international public sector accounting standards. Agency theory helps to understand the relationship between principals (such as government entities) and agents (such as public sector managers) and how conflicts of interest and information asymmetry can impact the implementation of accounting standards. Political theory can shed light on the influence of political factors, power dynamics, and institutional arrangements on the adoption and implementation of IPSAS. Public choice theory, on the other hand, focuses on the rational behavior of individuals and groups in the public sector and how their self-interests can affect the decision-making process. By applying these theoretical perspectives, the researcher better understood the challenges and opportunities associated with the implementation of IPSAS in different contexts and identify strategies to improve the effectiveness of accounting reforms in the public sector.

2.6 Conceptual framework

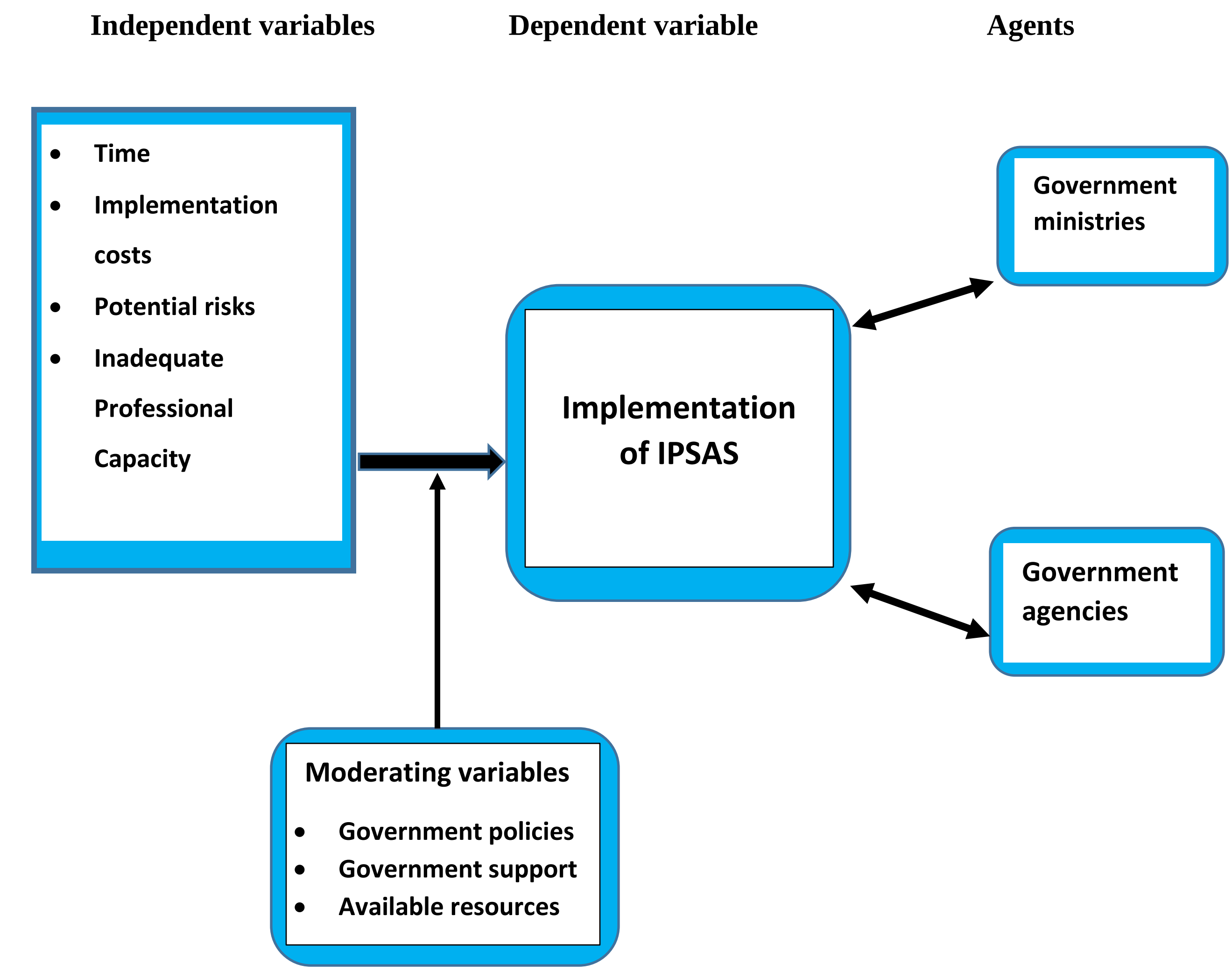

Figure 1: Conceptual framework

A conceptual framework encompasses formal theories, either in their entirety or in part, along with additional concepts and empirical insights gleaned from existing literature. Its purpose is to illustrate the interconnections among these concepts and their relevance to the research inquiry. Hence, this conceptual frame above shows the relationship between the variables involved in this study.

According to the conceptual framework above, the independent variables used in the study include time, implementation costs, potential risks and inadequate Professional Capacity. The dependent variable used in the study was the implementation of IPSAS. Government policies, Government support and Available resources were adopted as moderating variables. Moderating variables play a crucial role in research studies as they help to identify the conditions under which the relationship between two variables changes. Therefore, by including moderating variables in this study, the researcher better understood the complexities of the relationship between variables and how it may differ under different circumstances.

CHAPTER 3

METHODOLOGY

3.0 Introduction

This section presents an examination of the methodology to be employed in the study. It delineates the comprehensive approach utilized to conduct the research. This encompasses the research design, the target research population, methods of data collection, and the subsequent data analysis, among other essential components.

3.1 Research Design

A research design refers to the structured setup of conditions governing the gathering and analysis of data, aimed at achieving a balance between relevance to the research objectives and efficiency in the research process. It involves making informed choices concerning the methodology and approach used in a research study. The quantitative descriptive research design was used in this research. The studies opted for a descriptive studies design because is an effective device utilized by scientists and researchers to accumulate information about a selected organization or phenomenon. This form of research provides an in depth and correct picture of the characteristics and behaviors of a particular population or issue.

3.2 Population

A population is characterized as the entirety of individuals, entities, or activities that satisfy the criteria for inclusion in a research study's sample. The scope of this research encompassed Senior Accountants and Auditors from Ministry of Finance and government agencies u as its target population because Ministry of Finance is responsible for implementing IPSAS and ensuring that it is rolled out to all ministries and other Government agencies.

3.3 Sampling

A sample comprises elements deliberately chosen to glean insights about the entire population from which they are drawn. In this study, a convenience sampling approach was employed. Convenience sampling involves the inclusion of subjects based on their availability at a particular place and time. Specifically, a convenience sample was drawn from Ministry of Finance and agencies accountants and auditors who attended the 2023 IP|SAS workshop in Livingstone.

Selection criteria were applied to the subjects included in the sample. Respondents needed to satisfy the following prerequisites for inclusion: prior experience with cash basis of accounting, oversight of an accounting department responsible for financial statement preparation, and engagement with either IPSAS accrual or cash basis of accounting.

3.4 Sample size

The sample was selected using Slovin's formula of

$n = N/1 + (e)2$,

Where n = the sample size, N= the population size, and e is the margin of error.

N = Population of 100

e = Margin of error of 5%

$n = 100/1 + 100\ (.\ 05)2 = 80$

Therefore, sample size will be 80 respondents.

3.5 Data Collection

This research work employed a combination of primary and secondary data sources to collect information. The primary data source utilized supervisor approved questionnaire and this study was quantitative.

3.6 Reliability and validity

In this study regression analysis and ANOVA were used to justify the use of quantitative descriptive design by providing reliability and validity evidence. Kothari (2014) states that Regression analysis and ANOVA are statistical techniques commonly used in quantitative research to assess the reliability and validity of research data. Regression analysis helps in understanding the relationship between variables and predicting outcomes. By analyzing the relationship between the independent and dependent variables, researchers can determine the strength and direction of the relationship, which can contribute to the reliability of the data. Additionally, regression analysis can help identify potential confounding variables that may impact the validity of the results. ANOVA (Analysis of Variance) is used to compare means between two or more groups to determine if there are statistically significant differences. By conducting ANOVA, researchers can assess the reliability of the data by determining if there are consistent differences between groups. This can help ensure that the findings are not due to random chance.

By using both regression analysis and ANOVA in quantitative research design, Komb and Tromp (2006) states that researchers can strengthen the reliability and validity of their data by identifying relationships between variables, predicting outcomes, and assessing differences between groups.

3.7 Data analysis

Qualitative data analysis is conducted through conceptualization (Saunders, Lewis and Thornhill, 2015). This implies construing and classification of data with a view of extracting implicit or explicit meaning articulated through words or general statements. It also involves bringing out meanings of what is not said (Verbally implied or non-verbal expressions). Quantitative data was be analyzed using SPSS version 2022.

3.8 Ethical consideration

According to Saunders et al. (2015), ethics refers to the set of principles that govern a researcher's conduct regarding the rights of individuals who are subjects of the research or may be affected by it. The researcher must acknowledge potential ethical issues and risks associated with their research in order to address them properly (Saunders et al., 2015). The primary ethical considerations that could arise in this study encompassed ensuring respondent anonymity, maintaining the confidentiality of gathered data, and obtaining proper consent from participants, including consent for recording during interviews. Consequently, the researcher upheld ethical standards and reassured participants that the collected data would be used solely for research purposes.

CHAPTER 4

PRESENTATION OF FINDINGS

4.0 Introduction

This chapter presents the data analysis of the study on the challenges in implementing the international public sector accounting standard (IPSAS) in government ministries and agencies in Zambia. it also directs attention to the demographic details of the participants, the manner of presentation, and the elucidation of research discoveries. The arrangement of the presentation adhered to the delineated research objectives.

4.1 Demographic information

4.1.1 Table 1: Sex

FACTOR	FREQUENCY	PERCENTAGE
Male	55	68.75
Female	25	31.25
TOTAL	**80**	**100**

The presented table indicates that the majority of respondents were male, accounting for 55 individuals (68.75%), while the remaining 25 participants (31.25%) were female. The findings suggest a higher representation of male respondents compared to their female counterparts.

4.1.2 Designation

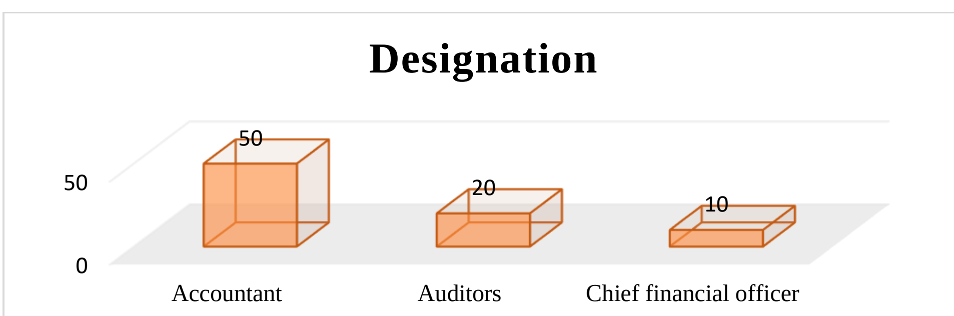

Figure 2: Designation

The research findings revealed that from among the respondents, 50 (62.5%) were accountants, 20 (25%) auditors and 10 (12.5%) indicated to be chief financial officers. Therefore, the researcher concluded that most of the research respondents were accountants.

4.1.3 Education level

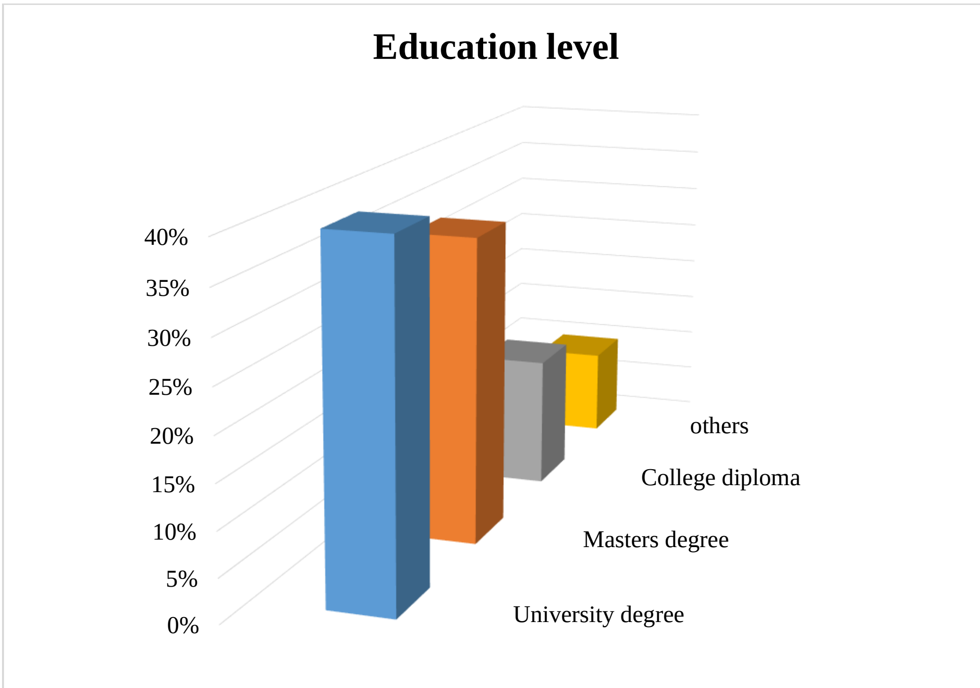

Figure 3: Education level

The presented figure illustrates the educational distribution of respondents, with the largest proportion, 40%, achieving a University Degree level. Following closely is the category of Masters' Degree, representing 35%, while those indicating attainment at the College level accounted for 15%. An additional 10% of respondents marked "others." The research findings unveiled that a significant number of participants in Zambian ministries and agencies had acquired education up to the University Degree level.

4.2 The level of implementation reached in adopting IPSAS

The respondents were asked on the extent IPSAS-based accrual accounting already been implemented in Zambia and their response was as shown below.

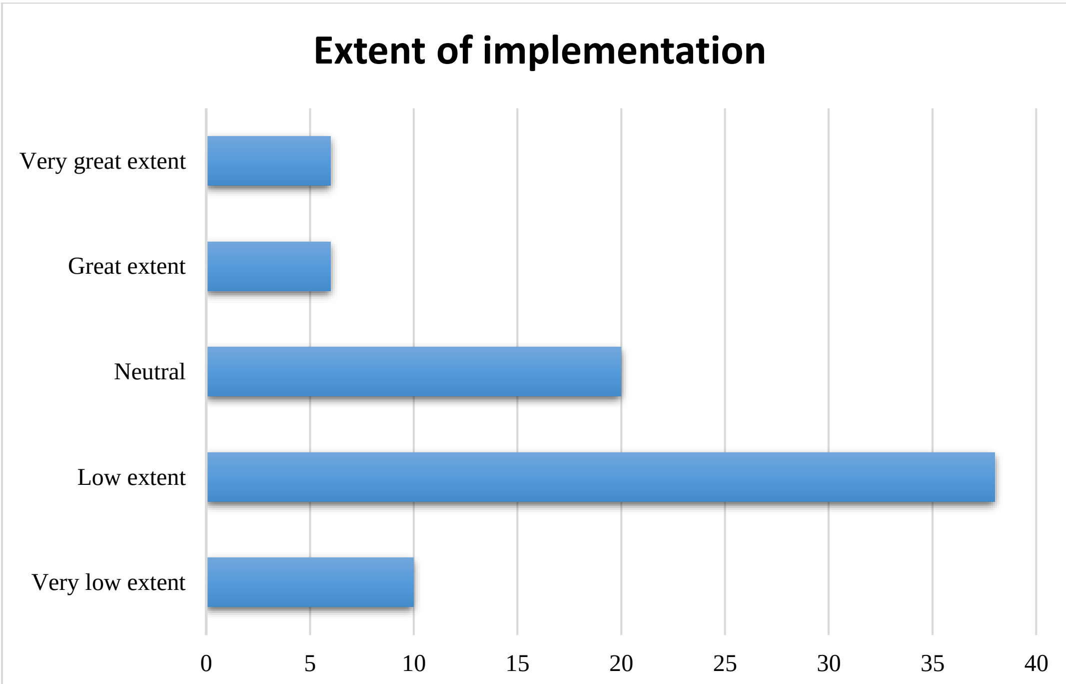

Figure 4: Extent of Implementation

The findings reveal that the majority 38 (47.5%) of the respondents indicated that the level of implementation of the IPSAS in Zambia is to a low extent. This was followed by 20 (25%) who remained neutral on the matter, 10 (12.5%) stated that the implementation was to the very low extent. The 6 stated that the implementation was to a great extent and the other 6 stated that very great extent each representing 5% respectively.

4.3 The challenges encountered in implementing IPSAS

The researcher sought to identify the challenges encountered in implementing IPSAS in Zambia. The following were the responses.

4.3.1 Table 2: Time consuming

FACTOR	FREQUENCY	PERCENTAGE
Strongly disagree	2	2.5
Disagree	9	11.25
Not sure	2	2.5
Agree	20	25
Strongly agree	47	58.75
Total	**80**	**100**

When requested to respond to the above factor the respondents indicated as follows, 47(58.75%) strongly agreed, 20(25%) agreed, 9(11.25%) disagreed, 2(2.5%) not sure and 2(2.5%) strongly disagreed. According to the findings, the study indicated that implementing the IPSAS is time consuming.

4.3.2 Table 3: Implementation costs

Factor	Frequency	Percentage
Agree	69	86.25
Strongly agree	0	0
Neutral	0	0
Disagree	11	13.75
Strongly disagree	0	0
Total	**80**	**100**

The findings of the study revealed that the majority of the respondents 69 (86.25%) agreed that the implementation of IPSAS is affected by implementation costs in Zambia. On the other hand 11 (13.75%) disagreed.

4.3.3 Potential risks

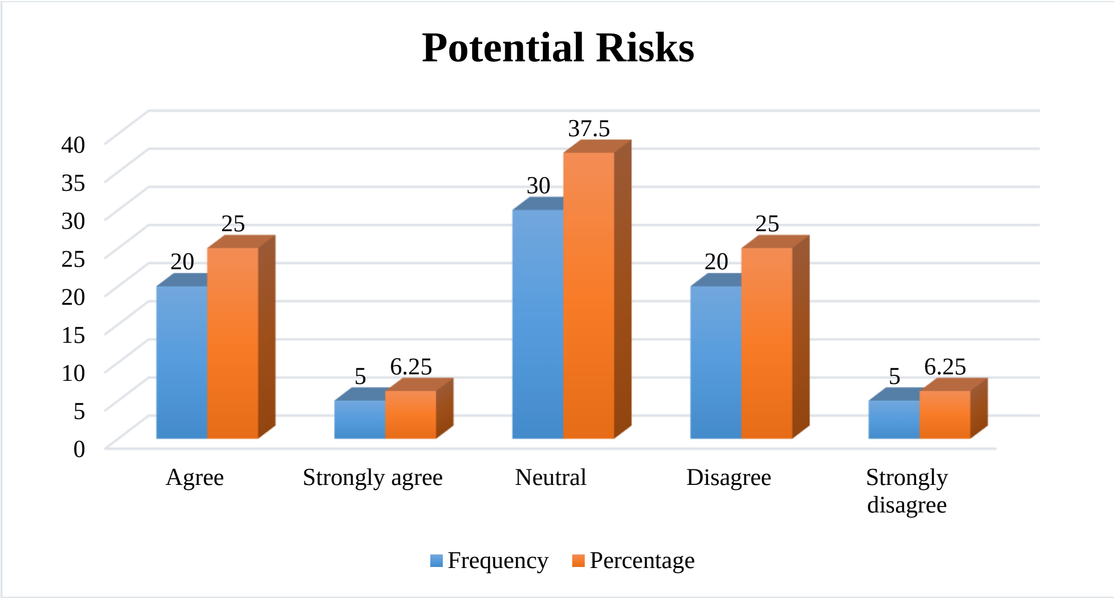

Figure 5: Implementation Risks

According to the research findings potential risks was identified as one of the challenges that affect the implementation of IPSAS in Zambia though not very convincingly as the results above indicate. 20(25%) agree, 5(6.25%) strongly agree, 30(37.5%) neutral, 20(25%) disagree and 5(6.25%) strongly disagreeing to the factor.

4.3.4 Table 4: Inadequate Professional Capacity

When asked whether Zambia doesn't have adequate professional capacity to implement IPSAS, the following were the findings;

Factor	**Frequency**	**Percentage**
Agree	0	0
Strongly agree	0	0
Neutral	0	0
Disagree	0	0
Strongly disagree	80	100
Total	**80**	**100**

The table above shows that all respondents disagreed that there is inadequate professional capacity to implement IPSAS in Zambia.

4.4 The effects of IPSAS implementation on financial reporting in the public sector

According to the finding of the study the following are the effects of IPSAS implementation on financial reporting in the public sector.

4.4.1 Improves financial reporting

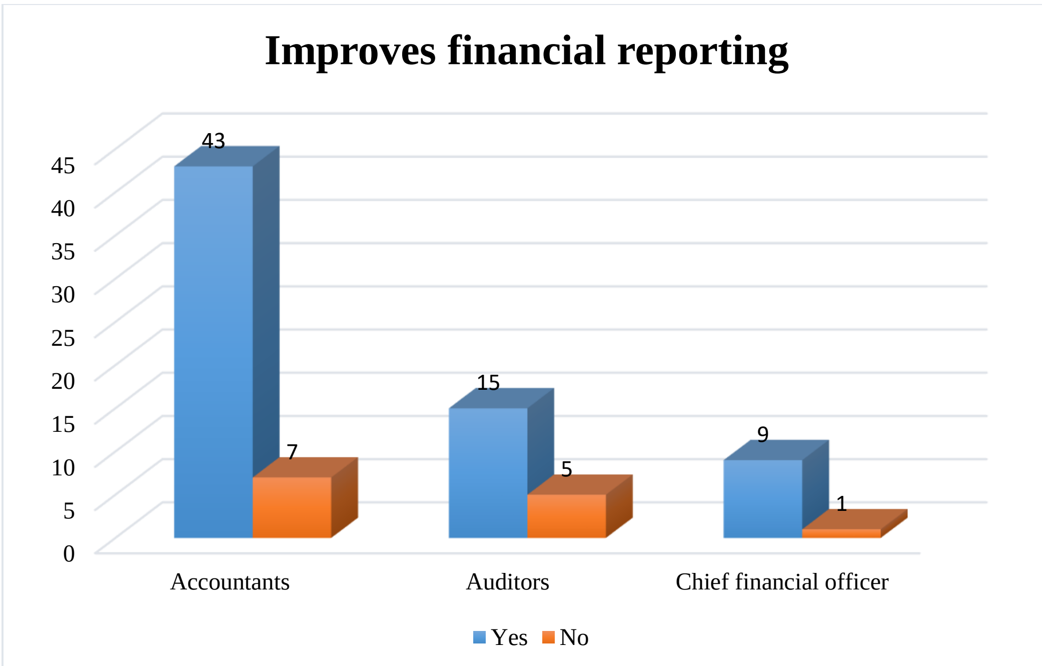

Figure 6: Improving financial reporting

The findings revealed that implementation of IPSAS improves financial reporting because majority of the respondents agreed to the factor. Among accounts 43 of them said yes only 7 said no, 15 auditors said yes and 5 said no while among the chief financial officer 9 said yes and only 1 said no.

4.4.2 IPSAS provide vital information to allocate resources

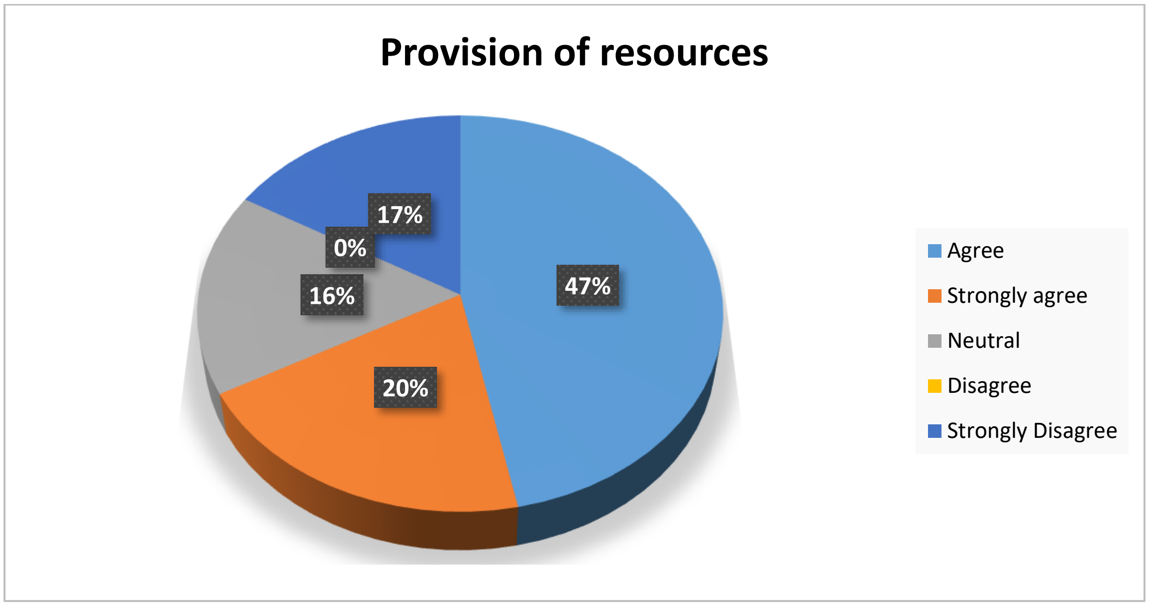

Figure 7: Provision of resources

A majority of respondents, accounting for 23(51%), expressed their agreement regarding the significance of IPSAS in furnishing crucial information for the allocation of resources. Conversely, 8(22%) of participants were divided between disagreement and uncertainty on the matter. These findings suggest that IPSAS indeed play a pivotal role in supplying essential insights for the allocation of resources within the governmental ministries and agencies of Zambia.

4.4.3 Table 5: Other benefits of implementing IPSAS in the public sector.

Factor	Frequency	Percentage
Promotes accountability and transparency	30	37.5
Strengthens confidence in financial management	5	6.25
Makes records detect irregularities	3	3.75
Helps accounting system to include all information	5	6.25
Harmonization and standardization of government accounting	20	25
Improved decision making	10	12.5
Risk identification can be carried out	3	3.75
Identify monitoring and financial reporting	4	5

4.5 Inferential statistics

4.5.1 Model summary

Table 6: Model summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.962[a]	.926	.922	.104
a. Predictors: (Constant), Inadequate professional capacity, Implementation costs, Potential risks, Time consuming				

According to the table above, the study shows a linear regression correlation R of 0.962, which shows that there was, indeed, a statistically strong relationship between the independent variables and the dependent variable. The R square, which is represented by the coefficient of determination of 0.926, shows that the supply side factors and demand side factors are equal to 92.6% of the variation as far as the dependent variable is concerned. The remaining7.4% in the variation in the independent variable was a reflection of other factors which are not represented in this model.

4.5.2 ANOVA

Table 7: ANOVA

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.084	4	2.521	235.271	.000[b]
	Residual	.804	75	.011		
	Total	10.888	79			
a. Dependent Variable: Implementation of IPSAS						
b. Predictors: (Constant), Inadequate professional capacity, Implementation costs, Potential risks, Time consuming						

According to the table above, the p value of the ANOVA stood at 0.000, which, by all means was below 0.05 (5%) level of significance, it was concluded that the regression model could be said to be a good fit for data, which justified undertaking the regression analysis.

4.5.3 Regression Coefficients

Table 8: Regression coefficients

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.671	.031		21.502	.000
	Time consuming	.306	.047	.805	6.570	.000
	Implementation costs	.041	.032	.115	1.269	.208
	Potential risks	.181	.025	.606	7.153	.000
	Inadequate professional capacity	.139	.018	.551	7.898	.000
a. Dependent Variable: Implementation of IPSAS						

The regression coefficient of 0.306, 0.041, 0.181 and 0.139 for Time consuming, Implementation costs, Potential risks and inadequate professional capacity implied that the independent variables had a positive relationship with the independent variable. These findings are in Tandem with Ogundele and Ogundele (2017) whose findings revealed that a positive regression coefficient means that as the independent variable increases, the dependent variable also increases. This indicates a positive correlation between the two variables. In other words, when one variable goes up, the other variable also tends to go up.

4.6 Chapter summary

The chapter has presented the research findings. The presentation began with the demographic presentations and the rest has been presented in line with the research objectives. The research objective are as follows; to determine the level of implementation reached in adopting International Public Sector Accounting Standards (IPSAS) in the Zambian government ministries and agencies; to ascertain challenges encountered in implementing International Public Sector Accounting Standards (IPSAS) in government ministries and agencies and to determine the effects of IPSAS implementation on financial reporting in the public sector. Finally, this summary has been provided.

CHAPTER 5

DISCUSSION OF FINDINGS

5.0 Introduction

This chapter is a discussion of findings arising from the study as they are presented in the previous chapter. The examination of the findings aligns precisely with the established study objectives. Notably, a higher proportion of participants were male, as opposed to their female counterparts. Additionally, within the respondent pool, a predominant portion was identified as accountants, leading the researcher to conclude this demographic trend.

5.1 Level of implementation reached in adopting the IPSAS in Zambia

The study findings revealed that the implementation level reached in adopting the IPSAS in Zambia is low. These findings are similar to the study findings Abu Haija et al (2021) who covered several countries in Asia, Africa, South America, the Caribbean and Latin America and Europe, it was observed that the rate of progress on IPSAS adoption had been slow. Full adoption and compliance with IPSAS were found to be difficult. Consistent with the study findings, the respondents stated that low stage implementation of IPSAS in Zambia could suggest the Zambian government could fail unveil financial statistics and decorate transparency and duty. Facilitation and allowing of evaluation of efficiency and effectiveness of mandate shipping with the aid of the authorities would be a total failure.

The low level of implementation established by this study is in tandem with the findings by Wang and Miraj (2018) who found that in many developing countries, there is low level implementation of IPSAS due to lack of significant top management commitment through the introduction of local legislation (with a clear road map and procedures), and stakeholder support (from top management and related parties) as well as external support (from external experts and professional bodies).

In the case of India, Wang and Miraj (2018) stated that the lack of top management support had resulted in the variance levels of readiness amongst the different entities within the Indian government. Furthermore, a study By Abu Haija et al (2021) established that the implementation of IPSAS had been hindered by difficulties in organizational restructuring and identifying the pilot implementation sites as well as inadequate execution planning. Similarly, Isa et al. (2013) found that inconsistent top management commitment in the different ministries in Malaysia had slowed down progress in implementing IPSAS.

5.2 Challenges of implementing the IPSAS

5.2.1 Time consuming

The research findings reveal a notable impact of point eating on the implementation of IPSAS in Zambia. This impact is chiefly attributed to the time-consuming nature of adopting accrual basis IPSASs for the first time. The study findings on time consuming indicate that about 83.5% of the respondents agreed that time consuming affects the implementation of IPSAS. This commencement point is marked by the initial adoption of accrual basis IPSASs, coinciding with the onset of the reporting period for which the entity furnishes its inaugural transitional IPSAS financial statements or IPSAS financial statements.

The study findings above are similar to the findings by Haregemar (2023) who found out that in Ethiopia, the implementation of IPSAS (International Public Sector Accounting Standards) can be time-consuming because it involves a significant change in the accounting and financial reporting practices of an organization. This change requires a comprehensive review of the organization's financial systems, processes, and controls, as well as the training of personnel in the new standards. The implementation process can take several months to several years, depending on the size and complexity of the organization.

The findings above are in tandem with Jones (2004) who elucidates that a primary-time adopter utilizing exemptions provided by IPSASs affecting fair presentation and accrual basis compliance in crafting its inaugural transitional IPSAS financial statements can proclaim explicit and unreserved conformity with accrual basis IPSASs only after the expiry of relief-providing exemptions. This declaration can also be made when the relevant elements are acknowledged, assessed, and/or the pertinent information is disclosed in adherence to applicable IPSASs.

It's worth noting that these findings are consistent those of Harun et al (2021), who observed that an entity's first IPSAS financial statements denote the initial annual financial statements wherein the first-time adopter can expressly and unreservedly assert compliance with accrual basis IPSASs. Therefore, the temporal aspect significantly influences this process, as the first financial statements following the adoption of accrual basis IPSASs might also serve as the debut IPSAS financial statements.

In relation to the above findings, in a study by Adamu (2014), he established that time consumption can negatively affect the implementation of International Public Sector Accounting Standards (IPSAS) in several ways. The study revealed that lengthy implementation processes can strain resources, including time, money, and personnel, leading to delays and inefficiencies in the adoption of IPSAS. Prolonged implementation timelines may increase the risk of non-compliance with IPSAS requirements, potentially resulting in financial penalties or reputational damage. Extended timeframes can lead to stakeholder fatigue and disengagement, hindering effective collaboration and buy-in necessary for successful IPSAS implementation. Delays in implementation can result in outdated financial systems and processes, making it harder to align with the standards and increasing the complexity of the transition.

5.2.2 Implementation costs

The most prominent hindrance that emerged prominently was the substantial cost of implementation, a concern echoed by the majority of respondents. This costliness is attributed to the extensive and intricate data demands entailed in adhering to IPSAS. The intricacies of this data necessitate a considerable investment in the training of accountants, a process that incurs substantial expenses. It's worth noting that this educational endeavor might extend to parliamentarians as well, who, as consumers of financial statements, need to comprehend accrual-based financial reports despite many being non-accountants.

Since the findings of the study indicate that 86.25% of the respondents agreed that implementation costs can serious affect the implementation of IPSAS (International Public Sector Accounting Standards) for several reasons. A study by Amanamah (2017) also revealed that many public sector organizations may not have sufficient resources to cover the costs associated with implementing

IPSAS, such as training staff, upgrading systems, and hiring consultants. The study Amanamah (2017) established that implementation costs can negatively affect the implementation of IPSAS due to the fact that implementing IPSAS often requires significant changes to existing accounting practices and procedures, which can be met with resistance from staff who are comfortable with the current system. IPSAS are complex and can be difficult to interpret and apply, leading to higher implementation costs as organizations may need to seek external expertise to ensure compliance. Some public sector organizations may not fully understand the benefits of implementing IPSAS and therefore may be reluctant to invest in the necessary resources (Chan, 2006).

The above findings are similar to the findings by FAAC (2020) which found out that the implementation cost of IPSAS in Nigeria was enormous. This included training, the use of specialized external consultants, IT updates, and the cost of developing appropriate translation and guidance tools. Consequently, all Nigerian states have adopted IPSAS in conjunction with a broader financial management improvement program that requires additional investment.

Additionally, these finding are consistent with the discoveries made by Chan (2006), who uncovered that the implementation costs exert a significant impact on IPSAS adoption in developing nations. The crux of this impact lies in the arduous and costly process of gathering the requisite data for compliance. Notably, the valuation of assets emerged as a prime example of such "costly data," a sentiment shared by participants who emphasized the financial investment needed for asset valuation, which involves inventorying all assets and engaging in costly valuation processes.

The study revealed that the substantial expenses incurred by the government during the transition from cash to modified cash basis, asserting that a shift to accrual would likely incur even greater costs. Crucially, there exists a lack of current funding to address these requirements. The findings are similar to the study findings by Babatunde (2022), whose findings in Nigeria indicated that IPSAS implementation might not be a prevailing national priority, given the prevailing needs and urgencies of the country. The challenge lies in convincing parliamentarians and the public to allocate substantial funds for IPSAS implementation, especially when there are pressing matters like education and healthcare facilities demanding attention and resources (Babatunde, 2022).

5.2.3 Potential Risks

The implementation of IPSAS in Zambia has encountered a notable challenge stemming from concerns about the potential risks associated with its adoption. The research findings indicate that embracing IPSAS and integrating its practices poses a substantial multifaceted challenge for NGOs, encompassing aspects such as governance, financial reporting systems, internal controls, contracting, and legal aspects. This transformative process necessitates legal modifications, the establishment of novel policies, and the adoption of new governance practices. These endeavors collectively entail complexities and consume substantial time.

In tandem with this study, the findings by IFAC and CIPFA (2021) reinforces the notion of cost implications intertwined with the implementation process. Harun et al (2021) argues that the expenses of implementing the new standards hinge upon the degree of alterations essential within the current accounting system of the organization. An effective approach mandates meticulous planning encompassing cost estimation and the inclusion of these expenditures within the budget. The undertaking of implementing IPSAS must not be underestimated from financial, auditing, and compliance perspectives.

In line with the outcomes of this investigation, Harun et al (2021) in their study established that another perceived risk revolves around the deficiency of requisite skills. The study unveils that public sector entities might lack the necessary skills, expertise, and staffing levels crucial for the successful adoption and implementation of IPSAS. It is imperative for these entities to allocate dedicated resources for training their accounting personnel, upper-level management, and the board. This training is essential for comprehending and embracing IPSAS to ensure comprehensive ownership across the organizational spectrum.

A further challenge lies in sourcing and recruiting qualified accounting professionals who can collaboratively facilitate the transition from disparate reporting frameworks (e.g., cash basis, modified cash basis, etc.) to IPSAS. Consistent with IFAC and CIPFA (2021), similarly emphasizes the potential risk arising from technological limitations and accounting infrastructure availability during IPSAS implementation. Consequently, governments may need to allocate financial resources for procuring new automated accounting systems, relevant IT infrastructure, data management systems, chart of accounts, and related components. This could involve enlisting the aid of experts and specialists to guide the implementation process, configure existing systems, and train end-users effectively.

Furthermore, in line with the above study findings, Amor and Ayadi (2019) in their study established that some potential risks that may negatively affect the implementation of IPSAS include lack of understanding or buy-in from key stakeholders, such as government officials, finance professionals, and auditors. Insufficient resources, including funding, training, and staff capacity, to effectively implement and maintain IPSAS compliance. Complexities in transitioning from existing accounting standards to IPSAS, leading to errors or delays in implementation. Resistance to change or reluctance to adopt new processes and procedures required by IPSAS (Amor and Ayadi, 2019).

5.2.4 Professional capacity

Insufficient professional capability emerged as another notable impediment, as highlighted by the survey participants. They emphasized that substantial recruitment efforts would be necessary to bridge the staffing gaps within accounting agencies, particularly at the local government level. Even current job postings have struggled to attract qualified accountants. Respondents revealed that existing accountants often lack comprehensive knowledge of IPSAS requirements, particularly as not all are chartered accountants, and those who are chartered accountants did not receive IPSAS training as part of their educational curriculum.

In contrast to the aforementioned findings, some respondents indicated that the government has made strides in bolstering capacity through training, thereby facilitating a supportive legal and regulatory framework. They believe that due to IPSAS's alignment with IFRS principles, qualified accountants should find its application relatively uncomplicated. Furthermore, accounting bodies offer continuous professional development to members, which can address any new intricacies specific to the public sector. The above study findings are in tandem with Harun et al., (2021) who argued that ensuring that government officials and accountants understand and interpret financial reports prepared in accordance with IPSAS is crucial and contributes to creating a favorable environment for IPSAS implementation.

Respondents also acknowledged a critical aspect: decision-makers may lack an accounting background. Convincing them of the benefits and relevance of IPSAS could entail a resource investment in terms of both finances and time. This underscores the importance of allocating adequate resources for effectively communicating the advantages of IPSAS to non-accountant decision-makers.

Consistent with the current study, a study Haregemar (2023) established that professional capacity can significantly affect the implementation of International Public Sector Accounting Standards (IPSAS). This includes the knowledge, skills, and experience of individuals responsible for implementing and adhering to IPSAS within public sector organizations. Professionals with a strong understanding of IPSAS and accounting principles are better equipped to ensure accurate and compliant implementation. They can also provide guidance and support to others within the organization, leading to a more effective and efficient adoption of IPSAS. Lack of professional capacity, on the other hand, can lead to challenges in understanding and applying IPSAS requirements, potentially resulting in errors, inefficiencies, and non-compliance.

5.3 The effects of IPSAS implementation on financial reporting in the public sector

Respondents highlighted that the implementation of IPSAS significantly effects financial reporting within the public sector. The research findings underscored that IPSAS fosters confidence in financial management, fortifying belief in this aspect within government ministries and agencies. Additionally, IPSAS equips decision-makers with valuable insights to discern future opportunities. In relation to the significance of IPSAS in providing essential data for resource allocation, the study underscored IPSAS's pivotal role in furnishing critical information for resource allocation within Zambian government entities, along with its utility in identifying prospects for future utilization.

In relation to the above findings, Deliotte (2022) in his study on IPSAS in developing countries, established that accounting Standards (IPSAS) has had a significant impact on financial reporting in the public sector. It has led to greater transparency, comparability, and accountability in financial statements, as well as improved decision-making and resource allocation. IPSAS implementation has also helped to enhance the credibility and reliability of financial information in the public sector. If you need more specific information or resources on this topic, I would recommend searching for scholarly articles or reports on IPSAS implementation and its effects on financial reporting in the public sector.

The above findings are consistent with the studies conducted in Nigeria that demonstrated that IPSAS implementation increased the reliability of financial reporting, provided better financial integrity assurance, facilitated policy analysis, and promoted good governance (Udeh and Samuel, 2015). Additionally, IPSAS adoption is believed to enhance foreign direct investment and improve the country's reputation by combating corruption, fraud, irregular transactions, and asset embezzlement (Ogundele and Ogundele, 2017; Abimbola Jegede, Kolawole, and Olufunke, 2017).

The study also highlighted that IPSAS aids in detecting irregularities, aligning with the majority of respondents. Thus, the study concluded that IPSAS indeed contributes to the identification of irregularities within government ministries and counties. However, the research noted that IPSAS does not inherently ensure comprehensive data retention, including audit trails tracing all accounts back to original source documents. The implications of this conclusion underscore the necessity to reinforce IPSAS adoption in the public sector with robust internal controls and a stringent quality assurance process to effectively identify irregularities.

Similarly, it can be noted that the study findings above are consistent with the findings of a study done in Liberia, where IPSAS adoption was found to improve the quality and reliability of government accounting information, align government financial accounting with international standards, increase accountability and transparency, and encourage public-private sector partnerships in the economy (Salia and Atuilik, 2018). Success stories supported by researchers and auditors, as indicated by ACCA's survey, demonstrate that IPSAS is fulfilling its intended purposes, making it the de facto global benchmark for evaluating government accounting practices worldwide, as advised by Saleh et al (2023).

Furthermore, IPSAS was found to facilitate a comprehensive accounting system that encompasses all relevant information during reporting. Just like the current study, Haregemar (2023) established that that IPSAS effectively enables government ministries and agencies to integrate all pertinent data into their accounting systems. Moreover, the implementation of IPSAS was observed to harmonize and standardize accounting practices within these government entities.

The study's findings also indicate that the proper implementation of IPSAS enhances transparency and accountability in government ministries and agencies. The researcher concluded that when appropriately executed, IPSAS can support the consolidation of financial statements within these entities. However, despite the theoretical potential for IPSAS to aid in the consolidation of financial statements, the government is yet to produce its inaugural consolidated financial statement.

Additionally, a study by Ekelot (2016) indicated that inadequate professional skills and knowledge can negatively affect the implementation of IPSAS (International Public Sector Accounting Standards) as it requires a high level of expertise and understanding of accounting principles specific to the public sector. Lack of proper training and education on IPSAS can lead to errors in financial reporting, non-compliance with standards, and inefficiencies in the implementation process. This can result in inaccurate financial information, which can hinder decision-making and transparency in the public sector.

In summary, the research underscores the multifaceted impact of IPSAS on financial reporting within the public sector, spanning confidence-building, irregularity detection, comprehensive data integration, standardization, transparency, and accountability.

5.4 Inferential statistics

The study' inferential statistics findings revealed that there was linear regression correlation which showed that there was, indeed, a statistically strong relationship between the independent variables and the dependent variable. The findings of the regression coefficient indicate that time consuming, Implementation costs, Potential risks and inadequate professional capacity implied that the independent variables had a positive relationship with the implementation of IPSAS. The regression coefficient of shows that time consuming had a regression coefficient of 0.306, Implementation costs had regression coefficient of 0.041, Potential risks stood at 0.181 and inadequate professional capacity had regression coefficient of 0.139. Since the study established a positive relationship, it entails that a positive regression coefficient means that as the independent variable increases, the dependent variable also increases.

The above findings from the inferential statistics are similar to the findings by Saleh, et al (2023) who established that the implementation of International Public Sector Accounting Standards (IPSAS) can be time-consuming and costly due to the need for extensive training, system upgrades, and changes in reporting processes. Potential risks such as data security, compliance issues, and resistance to change can also impact the implementation process. Additionally, inadequate professional capacity within an organization can hinder the successful adoption of IPSAS.

From the inferential statistics results, it can be noted that implementing IPSAS can be a time-consuming process as it requires significant changes to financial reporting systems and processes. This can also lead to delays in the implementation timeline. Additionally, the study findings by Babatunde (2022) established that implementing IPSAS can be costly, as it may require investments in new technology, staff training, and consulting services to ensure compliance with the standards and that there are potential risks associated with the implementation of IPSAS, including the risk of errors in financial reporting, the risk of non-compliance with the standards, and the risk of increased audit scrutiny. Therefore, if an organization lacks the necessary expertise and professional capacity to implement IPSAS, it can lead to challenges in understanding and applying the standards correctly.

5.5 Chapter summary

The chapter has discussed the findings in line with the objectives. The chapter has discussed information arising from the study concerning level of implementation reached in adopting the IPSAS in Zambia, challenges and the impact of IPSAS implementation on financial reporting in the public sector. The next chapter is on the conclusion and recommendations.

CHAPTER 6

CONCLUSION AND RECOMMENDATIONS

6.0 Introduction

This chapter presents the conclusion and the recommendations arising from the study. The conclusion is done by highlighting key issues arising from the study.

6.1 Conclusion

The study objectives were to determine the level of implementation reached in adopting International Public Sector Accounting Standards (IPSAS) in the Zambian government ministries and agencies; to ascertain the challenges encountered in implementing International Public Sector Accounting Standards (IPSAS) in government ministries and agencies and too determine the effects of IPSAS implementation on financial reporting in the public sector. The above study objectives were successfully achieved. According to the study findings, key findings arising from that study are that there is low implementation of IPSAS in Zambia. The study revealed that low stage implementation of IPSAS in Zambia could suggest the Zambian government could fail unveil financial statistics and decorate transparency and duty. Facilitation and allowing of evaluation of efficiency and effectiveness of mandate shipping with the aid of the authorities would be a total failure.

Furthermore, the study established that IPSAS plays a crucial role in facilitating resource allocation within Zambia's government ministries and agencies. Additionally, the research concluded that IPSAS contributes to evaluating performance and provides a foundation for government's rationale for imposing taxes on its residents.

Furthermore, the findings highlighted that IPSAS serves as a catalyst for promoting responsibility and transparency across government ministries and agencies. It strengthens confidence in financial management within these entities, furnishing valuable insights for identifying future opportunities. Moreover, IPSAS aids in uncovering irregularities within these domains, although it does not inherently store data such as audits that would allow for complete tracing of accounting transactions to original source documents. The study also affirmed that IPSAS assists in encompassing all pertinent information within the government's accounting system, while simultaneously harmonizing and standardizing these practices in line with global best practices.

The research uncovered that IPSAS has a profound influence on enhancing decision-making processes and contributes to consolidating financial statements within the government's ministries and agencies. Furthermore, the study unveiled that IPSAS facilitates risk identification and underscores its role in monitoring and financial reporting throughout these government entities in Zambia.

6.2 Recommendations

The following are the recommendations arising from the study.

i. The Zambian government should prioritize the development of information systems to effectively evaluate performance within government ministries and agencies.

ii. There is need to promote a culture of accountability within government ministries and agencies.

iii. Government should sensitize its ministries and agencies on the implication of employing the IPSAS.

iv. There is need for accountants, auditors and chief financial officers to work together towards the implementation of the IPSAS in Zambia.

v. Since trends in finance change over the years, there is need for further studies to be conducted on the same subject and related ones periodically in Zambia.

6.3 Study Limitation

The study was limited by the following:

- Financial challenges due to the fact that research did not have enough funds at the time the study was being carried out. The challenge was caused by the researcher’ commitment to other programs that need finances such as her health.
- Some respondents were not cooperative enough. This made it hard for the researcher to be able to find respondents who were willing participate in the study
- Lack of necessary knowledge among other respondents. Lack of knowledge by some respondents would force the research to start looking for other respondents who would answer the research questionnaire to avoid compromising data quality.
- Lack of enough previous research studies on the topic in Zambia.

6.4 Future Research Areas

There is need to conduct studies forecasted on the effect of implementation of IPSAS on financial reporting in both Public and private sectors in Zambia.

More studies on the same be conducted after intervals of three or five years to ensure that the Zambia government is abraded with current trends in the financial sector.

Other studies geared towards strengthening the Public financial management for example the impact of integrated financial Management Systems (IFMIS) on Government financial Management should also be conducted.

REFERENCES

ACCA (2017). Report in IPSAS implementation status and challenges

Amanamah, R. B. (2017) 'Benefits and Challenges of International Financial Reporting Standards Adoption in Ghana: Accounts and Business Managers' Perspective', *International Journal of Accounting and Financial Reporting*, 7(2), p. 178-285.

Amor, D. B., and Ayadi, S. D. (2019) 'The profile of IPSAS-adopters', *Journal of Accounting and Management Information Systems*, 18(2), pp. 262–282.

Carolini, G. Y. (2010) 'The Tools of Whose Trade? How international accounting guidelines are failing governments in the global South', *Third World Quarterly*, 31(3), pp. 469–483.

Chan, K (2006). IPSAS. New York: John Wileys and sons

Deaconu, A., & Nistor, C. S. (2011). The impact of accrual accounting on public sector management. An exploratory study for Romania. Transylvanian Review of Administrative Sciences, 32E, 74–97

Denscombe, M. (2017). The good research guide: for small-scale social research projects. 6th ed. London: Open University Press (Open UP study skills).

Ekelot, A. (2016) 'International Public Sector Accounting Standards (IPSAS). The Best Way for Public Institutions CPA Apollo Ekelot FCCA'.

GRZ (2023). Road Map for IPSAS. Lusaka: GRZ

IFAC (2004). Handbook of International public Sector Accounting Pronouncements. London: Rutledge

International Federation of Accountants (IFAC) (2004), "Report of the Externally Chaired Panel on the Governance, Role and Organization of the International Federation of Accountants Public Sector Committee".

IFAC (2018). Handbook of International Public Sector Accounting Pronouncements. New York: *IFAC*.

Jensen, G. (2016) 'International Public Sector Accounting Standards (IPSAS)', in, pp. 1–9.

Jones, R., and Pendelbury, M. (2000) *Public sector accounting*. 5th ed. United Kingdom: Prentice-Hall.

Ogundele, I. and Ogundele, O. (2017) 'IPSAS Adoption and Quality of Financial Reporting in the Nigerian Public Sector'. Abuja: GTM Publishers

Government of the Republic of Zambia (2018). Public Finance Management Act. Lusaka: GRZ

Saunders, M., Lewis, P., and Thornhill, A. (2015). Research methods for business students. 7th ed. Harlow: Pearson Education.

Smith, M. (2003) Research methods in accounting. London: Sage Publications.

Trang, L. T. N. (2012). Application of IPSAS Standards to the Vietnamese Government Accounting and Financial Statements. London: Rutledge

Udeh, F. and Samuel, S. (2015). Adoption of IPSAS and the Quality of Public Sector Financial Reporting in Nigeria', Research Journal of Finance and Accounting. New York: John Wiley and Sons

UN (2013). Policy framework for International Public Sector Accounting Standards. Geneva: UN

UN (2013). Policy framework for International Public Sector Accounting Standards. New York: UN

World Bank (2004). Operational zings International Public Sector Accounting. Geneva: World Bank

FAAC (2020). FAAC Sub-committee on international public Sector Accounting Standards (IPSAS) Implementation in Nigeria: Report on the monitoring and evaluation of the level of implementation of IPSAS Accrual basis of Accounting by Public Sector Entities (PSEs) in Nigeria. Lagos: Federal Ministry of Finance.

Beredugo. S. B. (2021). International Public Sector Accounting Standards (IPSAS) Implementation and Financial Reporting: Issues and Challenges in South-East Nigeria. *Journal of Accounting and Taxation, 1*(1). 1-11. DOI. https://doi.org/10.47747/jat.v1i1.405

Akinleye, G. T and Alaran-Ajewole, A. P. (2018). Effect of International Public Sector Accounting Standards (IPSASs) on information delivery and quality in Nigeria. *Research Journal of Finance and Accounting*, 9(6): 147-163.

Haregemar, P (2023). Assessment of International Public Sector Accounting Standards (IPSAS) Implementation Challenges and Opportunities In The Case Of Local NGOS in Addis Ababa. Addis Ababa: St Mary's University.

Wang, & Miraj. (2018). Adoption of International Public Sector Accounting Standards in Public Sector of Developing Economies -Analysis of Five South Asian Countries. Research in World Economy, 9(2), 44.

Narsaiah, N. (2019). Adoption of International Public Sector Accounting Standards (IPSAS) in India: Feasibility. Benefits and Challenges. *Indian Journal of Accounting*, 51(2), pp. 1-12.

Babatunde, S. A. (2022). Implementing International Public Sector Accounting Standards in Nigeria: Issues and challenges. *International Journal of Business, Economics and Law*, 12 (1): 52- 60.

Harun, H., Eggleton, I.R.C. and Locke, S. (2021). An integrated model of IPSAS institutionalisation in Indonesia: a critical study. *International Journal of Public Sector Management*, 34(2). pp. 155-170. https://doi.org/10.1108/IJPSM-07- 2020-0195.

Ramli, R. (2020). Accrual Accounting's Role in Malaysia. Kuala Lumpur: GTM Publishers

IFAC and CIPFA (2021). International Public Sector Financial Accountability Index: 2021 Status Report. https://www.ifac.org/system/files/publications/files/IFACCIPFA-International-Public-Sector-Accountability-Index.pdf.

Deloitte, G (2022). Removal of special purpose financial statements. Retrieved February 28, 2023, from: https://www2.deloitte.com/content/dam/Deloitte/au/Documents/audit/deloitte-auaudit-clarity-financial-reporting-removal-spfs-040422.pdf

Saleh, Z., Isa, C. R., & Hasan, H. A. (2023). Issues and Challenges in Implementing International Public Sector Accounting Standards (IPSAS). *IPN Journal of Research and Practice in Public Sector Accounting and Management*, *11*(1), 1-14.

APPENDICES

Appendix I: Questionnaire

GENERAL INFORMATION (background general information)

1. Please indicate your Gender.

   ( ) Male ( ) Female

2. Your Employer ……………………………………………………………………………

3. Your designation………………………………………………………………………….

4. What is your age bracket?

   ( ) 19 – 24 Years ( ) 30 – 34 Years

   ( ) 40 – 49 Years ( ) 35 – 34 Years

   ( ) 25 – 29 Years ( ) Over 50 years

5. What is your highest level of education?

   Secondary ( ) Mastersdegree

   College diploma ( ) University degree ( )

   Others (please state) ………………………………………………………….

6. How many years have you worked in this institution?

   1-5 years ( ) 16-20 years ( ) 26-30 years

   ( )6-10 years ( ) 21-25 years ( ) Over

   30years ( )11-15years ( )

7. State your professional technical background?

   ....

8. Tick in the box based on the comment as indicated in the boxes.

	Very low extent	Low extent	neutral	Great extent	Very great extent
The extent IPSAS-based accrual accounting already been implemented in Zambia					

9. The following are the challenges of in implementing the international public sector accounting standard (IPSAS) in government ministries and agencies in Zambia.

	Agree	Strongly agree	Neutral	Disagree	Strongly disagree
Time consuming					
Implementation costs					
Potential risks					
Inadequate Professional Capacity					

10. What are the effects of IPSAS implementation on financial reporting in the public sector?
…………………………………………………………………………………………………
…………………………………………………………………………………………………
………………………………………………………………………………………………..

Appendix two: Interview Guide

1. What do you understand by the phrase IPSAS?
2. Do you think IPSAS has an effect on the public accounting sector?
3. Are you familiar with the requirements of IPSAS? Why do you think it would be beneficial for all entities to fully comply with IPSAS while preparing their financial reports?
4. To what extent has IPSAS-based accrual accounting already been implemented in Zambia?
5. What are the challenges in implementing IPSAS in government ministries and agencies in Zambia?
6. What are the effects of IPSAS implementation on financial reporting in the public sector?
7. What do you think should be done to improve the adoption of IPSAS in Zambia?

Time frame

ACTIVITY	**Start Date**	**End Date**	**Duration**
Proposal Presentation	**25th May 2022**	**25th May 2022**	**1 day**
Data Collection and Draft Report	**1st February 2023**	**30th April 2023**	**3months**
Presentation of Results	**30th October 2023**	**30th October 2023**	**1days**
Finalization of Report	**1st November 2023**	**30th November 2023**	**30days**
Final Submission	**30th November 2023**	**30th November 2023**	**1 day**