

TRANSITIONING TO IPSAS IN AFRICA: AN ANALYSIS OF THE BENEFITS AND CHALLENGES

¹Williams Abayaawien Atuilik, ²Babonyire Adafula, ³Nicholas Asare

¹Department of Accounting, Faculty of Business Administration, Heritage Christian University College
Amasaman – Accra, Ghana, West-Africa

^{2,3}Department of Accounting, Faculty of Business Administration, Methodist University College Ghana
Dansoman – Accra, Ghana, West-Africa

ABSTRACT

International Public Sector Accounting Standards (IPSAS) have gained worldwide acceptance and acclaim as an accounting and reporting framework as far as public sector financial reporting is concerned. IPSAS are therefore of interest to public sector accounting in many jurisdictions and this interest appears to be more and more surging in the developing economies of the world, including the African region. As empirical evidence suggests that many countries are desirous of adopting these IPSAS, an in-depth exposition of the benefits and associated challenges of the framework could help the transitioning process in diverse ways. For instance, adopting countries could learn from examples, experiences and best practices as evidenced in extant literature. This concept paper therefore examines the benefits and challenges of IPSAS with particular focus on the African region. It also assesses the mechanisms for addressing the challenges so that the full benefits ascribed to the IPSAS accounting and reporting regime could be realised. The paper first explains the fundamental principles underlying IPSAS, followed by a discussion of the benefits and challenges in transitioning to IPSAS in general, and by African governments in particular. Cash and accrual IPSAS are examined and the status of IPSAS adoption by African countries discussed. It then explains and proposes the approach African governments may use to effectively transition to IPSAS. The paper concludes with recommendations to guide the effective transition to IPSAS.

Keywords: Accounting standards, financial reporting, IPSAS, PFM

Paper Type: Conceptual

INTRODUCTION

Governments the world over, the principal actors in public sector governance are often entrusted with huge financial and material resources that must be managed with the view to improving the living conditions of their people. At the centre of this public sector financial resources management process are public officials. These public officials with financial management roles therefore have both a legal and a moral duty to manage public resources responsibly, and to account for their stewardship (Xiao 2006). Accountable governments, just like accountable corporate entities, are enjoined to periodically render reliable accounts to their stakeholders (the citizenry) by presenting financial statements that: (1) report the inflow and outflow of cash and cash equivalents during the reporting period, (2) measure the results of performance during the reporting period, and (3) disclose state of financial position as of the end of the reporting period. Chan (2003) posited that government financial reporting aims at: (1) safeguarding the public treasury by preventing and detecting corruption and graft, (2) facilitating sound financial management of public funds, and (3) consequently helping governments discharge their public accountability functions. To achieve these laudable aims aforementioned, a credible and information value relevant reporting regime is required. It is arguably in the spirit of the foregoing and in the context of the dynamics of public sector activities and their attendant financial reporting ramifications that the International Public Sector Accounting Standards (IPSAS) were developed for adoption and application in public sector financial reporting. The popularity of the IPSAS are unquestionably global and accepted by many jurisdictions including the emerging economies of the African continent for obvious reasons. As many countries have adopted and others are in the preparatory stages for transitioning to the IPSAS reporting regime, a critical examination of the benefits, perceived and/or real and the attendant challenges of transitioning to IPSAS could provide useful insights for policy and practical application. The purpose of this paper is to discuss the benefits and challenges of implementing International Public Sector Accounting Standards (IPSAS) in the context of the economies of Africa. The rest of the paper is organised as follows: the next section provides a brief overview of the IPSAS framework, this is followed by a discussion of the benefits and challenges in transitioning to IPSAS by African governments. The third section then explains the approach African governments may use to transition to IPSAS. The fourth section examines the cash and accrual bases of IPSAS and the status of IPSAS adoption by African countries. The paper concludes with recommendations to guide the effective transition to IPSAS.

Conceptual Overview

According to the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants(IFAC) IPSAS are high quality global financial reporting standards for use by public sector entities around the world, and are meant to serve the public interest by requiring the presentation and disclosure of financial transactions in a

comprehensive and consistent fashion to enhance transparency and the accountable management of public resources(IFAC 2009). Müller-Marqués Berger and Ernst & Young (2012, p.7) explain that IPSAS regulate “the recognition, measurement, presentation and disclosure requirements in relation to transactions and events in general purpose financial statements”. As a financial reporting regime, the critical issues of recognition, measurement, presentation and disclosure criteria form the core and pith of IPSAS. The IPSAS framework therefore provides adequate guidance for the proper recognition, measurement, presentation and disclosure of financial transactions of public sector entities, thereby enhancing accountability for public funds. The implementation of IPSAS is thus a mechanism for improving accountability and transparency in the governance of public funds. There are other benefits.

The Benefits of IPSAS Implementation

The adoption and implementation of IPSAS is claimed to have a number of benefits. Bergmann (2011) suggests that the financial crisis of 2008 brought to the fore the poor state of Public Financial Management (PFM) systems which government financial reporting systems failed to point out because of poor reporting standards. The absence of or non-application of high quality accounting standards by governments for reporting government financial transactions reduces the level of accountability which Danaee and Anvary (2007) found to be associated with low levels of trust and confidence in government. Low level of trust and confidence in government has the effect of reducing the amount of both local investments and foreign direct investment in the economy which in turn reduces opportunities for accelerated economic growth and development. The absence of a quality reporting framework for government financial transactions is therefore associated with under development and economic deprivation. Atuilik (2016) found that there is significant statistical inverse relationship between announcement of adoption of IPSAS by developing countries and the level of perceived corruption in those countries, suggesting that the announcement of IPSAS adoption by governments is associated with a reduction in the perception of corruption.

The expectation of the positive correlation between quality reporting standards for reporting on government financial transactions and economic development has led to increasing calls for the adoption of IPSAS by governments around the world, and especially, for governments in the African region. This call has been championed by influential institutions such the World Bank, the International Monetary Fund, and the G8 group of nations (Chan 2003). Tickell (2010) reported that the call for increased accountability has led many governments and NGOs around the world to adopt IPSAS. Chan (2003) asserts that accounting policies of governments that have not yet adopted IPSAS are increasingly being influenced by IPSAS. Chan (2003, p.16) states that “the most significant development in government accounting in recent history is the development of IPSAS” which he argued, has brought significant

benefits by way of improving the financial reporting systems of governments, raising the prestige of government accountants, and facilitating the mobility of private sector accountants into government.

Anderson (2009) and Torres (2004) demonstrated that IPSAS compliant financial statements improve transparency and accountability. Roje, Vašiček and Vašiček (2010) pointed out that the adoption and implementation of IPSAS has increasingly been noted as a major public accountability reform aimed at enhancing sound and consistent PFM by governments and NGOs. Similarly, Humphrey, Miller and Scapens (1993), Mulgan (2000), and Mulgan (1997) concluded that accountable management of public funds is often achieved through effective financial reporting that is based on high quality accounting standards. Ijeoma and Oghoghomeh (2014) found that stakeholders of the PFM community in Nigeria do consider the implementation of IPSAS to have tremendous benefits including: increased level of accountability, provision of more meaningful information for decision making thus helping to improve the quality of service delivery in the public sector thereby strengthening good governance and relations between the government and the governed. IPSAS focuses on public-sector-specific issues in financial reporting, providing adequate guidance for all types of government transactions or interventions. Bergmann (2011) therefore asserts that the implementation of IPSAS leads to enhancement of accountability and oversight control over public finances; improved transparency in government accounting and financial reporting which positively influences government's cost of financing; better recognition of risks, opportunities, cost awareness and efficiency which in turn reduces the likelihood of unexpected surprises and reduces default risks.

Another significant benefit of IPSAS adoption is the enhancement of the decision making process of government and governmental entities. IPSAS implementation leads to improved government finance statistical information, which leads to better decision-making and improvement in the management of assets and liabilities resulting in improved service delivery (Bergmann, 2011). Improvement in service delivery in the government sector, no doubt, plays a catalytic role in facilitating governments to meet their development goals which include poverty reduction (Chan, 2006).

Another important benefit is the entrenchment of legitimacy and credibility of relationships with donors and development partners. Most of the development partners such as the World Bank, International Monetary Fund, African Development Bank and similar others view the adoption of IPSAS in a positive light. Therefore, the adoption of IPSAS by African governments signals their willingness to be accountable and transparent thereby helping to attract legitimacy from these development partners. It also gives a feeling of being current with best PFM practices to adopting governments as many governments the world over tend to announce the adoption of IPSAS. The adoption and implementation of IPSAS is, however,

a challenging initiative that require careful planning and execution to succeed (Lapsley, Mussari and Paulsson 2009; Nistor, Deaconu, Cirstea and Filip 2009).

The foregoing review of extant literature supports the view that the benefits of IPSAS are wide ranging. They facilitate accuracy and credibility of public sector financial reporting, they strengthen accountability and transparency in management of public financial and other resources etc. It must however be stressed that the conditions precedent for the optimization of these perceived benefits are full adoption and full compliance with the IPSAS framework. Thus, the mere declaration or pronouncement of adoption will not suffice. The adopting country must fully implement and comply with the fundamental requirements. This may come with challenges which must be overcome in order to ensure success. The succeeding section discusses these challenges with the view to not only providing insights to those countries that have adopted and are in the implementation stage, but to also signal to adopting countries of the likely obstacles that might be encountered in the process.

The Challenges of IPSAS Adoption

Transitioning to IPSAS from local or national generally accepted accounting practices is challenging. This is arguably attributable to the apparent complexities involved in the transition process, especially regarding accrual basis IPSAS which require the recognition and measurement of government assets and liabilities such as infrastructure, heritage assets, loans, pensions, and employee benefits to mention a few. Accrual IPSAS can only be successfully implemented if there exist adequate technical capacity regarding knowledge of IPSAS. There is, however, a general lack of adequate technical capacity in terms of skills of available accounting personnel on public sector accounting in general and specifically on IPSAS in the African region. This lack of knowledge creates a situation where government Ministries, Departments and Agencies are often not ready for the transition and are therefore more likely to resist the transition for fear of the unknown. Tickell (2010) noted that the successful implementation of accrual basis IPSAS is predicated on factors such as the level of skill of available accounting personnel, rate of labour turnover, and the level of investment in technological and capital equipment in public sector organizations.

However, the capacity gap can be filled through training and retraining. IPSAS training, however, is an expensive project which many governments may be unwilling to undertake especially given the competing development needs of governments within the African region. The high cost of training and high rate of labour turnover in government make investments in capacity building less attractive as employees tend to leave after they have been trained citing poor conditions of work in the public sector. Again, IPSAS implementation will only succeed within an environment of reliable government financial management information systems. Unfortunately, most governments in the African region operate within an environment of weak financial management information systems and improving the financial management

information systems comes at a high cost of investments in technological and capital equipment. All of these make securing political will and ownership from the top a great challenge. There is no gain saying that no reform can succeed without political will and ownership from the top. Some experts have therefore advised that governments and institutions with different levels of endowments in these resources must approach IPSAS implementation differently to ensure success. Chan (2003) echoes this point by advising governments to first put in place a robust legal system, cultivate a culture of accountability and build strong institutions before going ahead to adopt IPSAS. It can therefore be observed with little equivocation that to successfully implement IPSAS, governments must develop a framework for implementation and invest in building capacity among the personnel that will be responsible for implementation. Government must also build strong institutions and systems to facilitate the process of implementation. IPSAS implementation is a change management initiative. Consequently, successful implementation of IPSAS must necessarily involve the application of appropriate change management strategies.

Transitioning to IPSAS

Governments that wish to transition to IPSAS have two options. The first option is to implement IPSAS through issuing national standards that converge with IPSAS. This option requires government to establish a national accounting standards board to issue national accounting standards and have its PFM legislation make reference to the national accounting standards. This option requires the existence of strong and functional state and allied institutions for success. The second option is to adopt IPSAS directly as issued by the IPSASB. This option requires government to have its PFM legislation make references directly to IPSAS. The first option leads to needless duplication of effort which is unlikely to produce standards that are significantly different from IPSAS, not to talk about the increased cost in the global standards setting process. The second option on the other hand, seems to be the most pragmatic option for African countries wishing to transition to IPSAS. The option of adoption of IPSAS directly has the potential to result in cost savings relating to the cost in setting up costly administrative and research machinery by various national government accounting standards boards to develop their own standards, besides the obvious point that there is no point attempting to re-invent the wheel. Whichever option is chosen, successful implementation of IPSAS is enhanced if implementation is preceded by developing a comprehensive but simplified accounting manual with a clarified government chart of accounts. The importance of providing in-depth training of officers handling financial reporting duties to have them adequately equipped with knowledge of IPSAS before IPSAS implementation cannot be emphasised enough.

The Case for Cash or Accrual Basis IPSAS

With the emergence of IPSAS, many governments, especially in the developing world, have adopted or are preparing to adopt the Cash Basis IPSAS (IPSASB 2010). IPSASB has issued one cash basis IPSAS which requires governments to prepare: a statement of receipt and payments of cash intended to show the cash inflows, cash outflows and outstanding cash balances at the end of the reporting period; statement of budget comparison with actual, which compares the final budget with actual receipts and payments to highlight variances; and explanatory notes (IFAC 2013). The cash basis of accounting recognises and records transactions and events when cash is received or paid (Tikk 2010). It measures financial performance for a period as the difference between cash received and cash paid. Several strengths have been recognised in the IPSAS literature as arising from the cash basis of accounting. It is claimed that cash basis financial reports show in a direct way, the most critical information that users need regarding public sector entities: the sources, uses and resulting balances of cash resources (Kwon 1989). Additionally, cash basis financial reports provide a basis for comparison with cash based budgetary appropriations helping to demonstrate whether or not there is budgetary compliance (Wynne 2007). Moreover, the resulting financial statements are simple to prepare and use as they avoid estimates and therefore score high on the qualitative feature of understandability (Wynne 2007). Consequently, cash based accounting systems require relatively fewer employees and less sophisticated accounting skills compared with other bases of accounting. The cost of implementing cash basis IPSAS is therefore likely to be lower. Finally, there is increased objectivity in the financial position depicted by cash basis reports as it avoids estimates and use of subjective judgments (Wynne 2007).

Traditionally, governments have used cash basis accounting systems to account for the use of public funds (Wynne 2007, Wynne 2008). The wide spread use of cash basis accounting by governments in the past has been attributed to its relative simplicity, objectivity and transparency on cash- the most critical resource of government (Kwon 1989, Wynne 2007). It has been argued that accrual accounting is not suitable for use by governments (Christiaens and Rommel 2008, Hodges and Mellett 2003) because of the absence of profit motive in government. The popularity of cash based accounting systems has also been attributed to observations that accruals accounting systems require substantial investment in time, systems and human capacity which do not match the benefits (Tickell 2010). There are however some weaknesses with respect to cash basis accounting systems. It has been suggested that cash basis accounting does not lead to reliable measurement of performance as it focuses on receipts and payments of cash instead of service delivery (Bergmann 2012). There is limited accountability as information on non-cash assets and liabilities are not provided (Wynne 2007). There have been calls by IPSASB for migration towards accrual basis IPSAS because of weaknesses of cash based accounting systems.

In response to calls to address the acknowledged weaknesses inherent in the cash basis of accounting, attempts have been made to move to the accrual basis of accounting. In that regard, the IPSASB issued 38 accrual basis IPSAS (IFAC 2015). The reports that need to be prepared under IPSAS 1 are: a statement of financial position to show the assets, liabilities and equity of government; a statement of financial performance to show revenue and expenses of government and resulting surplus or deficit; a statement of changes in net assets or equity; a statement of cash flows; a statement of budget comparison with actuals if the entity makes its budgets public; and explanatory notes (IFAC 2015). Accrual basis accounting recognizes and records transactions and other economic events when they occur rather than when cash is received or paid (IFAC 2000). Revenue is recognized and recorded when earned while expenditure is recognised and recorded when incurred, usually at the time goods or services are received. Accrual accounting, it is suggested, provides information which enables users to: assess the true and fair view of performance, financial position and cash flows of the reporting entity; and assess the entity's compliance with accrual budgets (Tikk 2010). It also provides information which: demonstrates accountability for use of all resources and management of all assets and liabilities; shows how the entity finances its activities and meets its liabilities and commitments (Tickell 2010, Wynne 2007). Accrual accounting requires organizations to maintain complete records of assets and liabilities which are necessary for effective management of assets and liabilities (Wynne 2007). The recognition of all costs including depreciation ensures that operating costs are more reliably measured (Carlin 2005). Andriani, Kober and Ng (2010), Belkaoui (1983) and Kober, Lee and Ng (2010) found that accrual accounting information is perceived to be more useful than cash accounting information in majority of decision situations.

Accrual accounting systems, however, are faced with some weaknesses. It has been argued that accrual accounting is not suitable for use by non-profit oriented entities (Christiaens and Rommel 2008, Hodges and Mellett 2003). Producing accruals accounting financial statements requires significant investment in time, accounting systems and human capacity due to its relative complexity (Tickell 2010). Accrual basis accounting fails to demonstrate whether or not there is compliance with cash based budgetary estimates which are the budgeting systems used by most governments (Paulsson 2006). It has been argued that the claims of the usefulness of accrual accounting are yet to be supported by empirical evidence whilst the cost of accrual accounting reforms is clear and substantial (Carlin 2005, Tickell 2010, and Wynne 2008). Surprisingly, Paulsson (2006) presents evidence which suggests that despite its acclaimed benefits, accrual accounting information generated is actually not widely used by public sector agencies for decision making in practice as is expected. There has thus been debates about the appropriateness of accrual based accounting systems in government due to significant differences between private sector businesses and government entities in their nature, ownership structure, size and the scope of objectives (Barton 2005, Guthrie 1998). There are also differences with respect to the nature of assets, liabilities, equity, revenue and expenses that relate to private business and government entities (Barton

2005, Chan 2003). These differences make the wholesale importation of private sector accrual based accounting into government without modification inappropriate. In recent times, however, governments, increasingly, have felt the need to migrate from cash based to accrual based accounting systems (Paulsson 2006, Pina and Torres 2003).

One argument attributed to the call for migration to accrual accounting is that it compels governments to account for all resources rather than only cash resources as is the case with cash accounting (Wynne 2007). Kwon (1989) stated that:

“Accrual accounting information more fully reflects the overall effects of managerial actions or efforts on future cash flows than cash flow realisations in any given period. As a result, accrual accounting information is more efficient than cash-basis accounting information ...” (p.267).

Tickell (2010, p.71) argues that migrations to accrual accounting “is the result of calls for greater transparency and accountability in the public sector”. Müller-Marqués Berger and Ernst & Young (2012) report that a survey by Ernst & Young in 2011 show that most public sector organisations are increasingly migrating towards accrual based accounting systems. The position of Bergmann (2009) is very instructive on whether African governments should transition to cash or accrual basis IPSAS. He states thus:

“...for many countries and entities the cash basis standard is not a feasible stepping stone, as they are already on a modified accrual basis of accounting. They have a statement of financial position, a statement financial performance and a statement of cash flow in place. They account for their assets and liabilities. The IT systems in place are fully fledged ERP systems. However, they may experience shortcomings in the field of consolidation or other areas such as provisions or employee benefits. Why should such countries or entities first be sent back to a cash basis on the way to full accrual? This may be considered as not only patronising, but also quite inefficient. This issue is often captured by the term sequencing. In such cases it is suggested to adopt full accrual accounting directly, in a project with a step-by-step approach.”

Despite the efforts at implementing accrual accounting, Pina and Torres (2003) found that there is not a single country that is implementing accrual accounting system in its purest form. There have been various modifications by different governments mainly because of the complexities involved. In a survey of 21 African countries, KPMG (2013) found that only 14% (3 countries) of national governments claim to use accrual basis accounting systems. These countries are: Tanzania, Sierra Leone, and Ghana. It is yet to be shown that these countries are indeed using accrual accounting system. The remaining 18 countries (Algeria, Botswana, Gambia, Kenya, Lesotho, Malawi, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Swaziland, Uganda, Zambia, Zimbabwe)

constituting 86% are split in half between cash accounting and modified cash accounting systems (KPMG 2013).

State of IPSAS adoption in Africa

The KPMG2013 survey report indicate that out of the 21 countries surveyed, two countries (Mozambique and Namibia) indicate that they are not likely to implement IPSAS. All the other 19 countries indicated that they have plans to implement accrual basis IPSAS. Out of the 19 countries that have plans to implement accrual basis IPSAS, 10 (Algeria, Ghana, Gambia, Lesotho, Malawi, Mauritania, Mauritius, Morocco, Swaziland and Zambia) had not decided timelines for IPSAS implementation. Only Botswana had completed scoping and piloting by 2012 and commenced the implementation process in 2013. Sierra Leone and Zimbabwe commenced scoping and piloting in 2013 whilst Nigeria commenced its scoping and piloting in 2015. The remaining 5 countries, (Kenya, Rwanda, South Africa, Tanzania and Uganda) had started IPSAS implementation by the end of 2012. This survey was done in 2013. It will be interesting to have an update of this survey to ascertain the level of progress made by each of the countries on their migration plans. If the 2013 KPMG survey results is anything to go by, IPSAS adoption in the African region is far behind as only five countries have started implementation. It is yet to be ascertained the level of progress made by these countries in the implementation process.

Recommendations for the way forward

In order to ensure a successful transition to IPSAS by African governments, the following recommendations are put forward:

First, and most importantly, there is the need to court political support from the top level of government to facilitate IPSAS implementation. Political support from the top can be obtained by demonstrating to the top political machinery how IPSAS compliant financial statements can improve decision making and lead to improvement in service delivery and hence poverty reduction. When political leadership appreciate the fact that improved financial reporting leads to improved accountability and transparency which are fundamental principles of democracy and political stability, they will be more amenable to support IPSAS implementation.

Second, handholding practical training and retraining on IPSAS is a prerequisite to successful implementation. Resistance to IPSAS implementation by Ministries and Agencies can be minimised through a handholding practical training of all government officers with financial reporting responsibilities. When people understand the issues involved and are able to carry out the tasks required in IPSAS implementation, not only will they accept it, they will become champions and advocates of IPSAS implementation.

Third, the development of accounting and reporting manual is essential. The development of a comprehensive but simplified accounting and reporting manual which clearly lays out the procedures involved in the various processes required by IPSAS as well as a clarified government chart of accounts is a pre-requisite for successful implementation of IPSAS. The manual becomes a reference point for guidance and further reduces the possibility of resistance.

Fourth, there is the need to adopt appropriate and reasonable implementation time frame. Sometimes reforms fail because they are over ambitious with respect to the time frame for implementation of the process. There is need to have a reasonable and pragmatic timeframe for implementation of accrual basis IPSAS. A time frame ranging from five to ten years for complete implementation is deemed reasonable.

Fifth, there should be logical sequencing of implementation phases. IPSAS implementation involves a number of several sub-activities. Successful implementation depends on the appropriate sequencing of these activities. It is always better to start with activities that yield quick wins to soar up confidence and morale. It is also important that initial activities should be those that drive subsequent activities. Implementation in stages by sector or size. A big bang approach to IPSAS implementation can be overwhelming. It is recommended that implementation be staged either by sector or size of the entity or both in phases.

Sixth, adopting a Piloting approach is preferable. It is always good to precede the actual implementation of large reforms with pilot studies. Typical Ministries, Departments and Agencies should be selected as pilots for IPSAS implementation to learn the bottlenecks and have these resolved before large scale implementation.

Seventh, effective handling of the change management issues is required. A critical issue relating to the successful implementation of any reform project is the management of the change. Putting in place appropriate change management strategies is a sine qua non for the successful implementation of IPSAS (Tickell 2010).

Eighth, the building of effective teams for the implementation process is needed. IPSAS implementation is a large project and does not depend on a single person for success. Successful implementation will require building effective teams. There is a need to build strong project management teams by using the best individuals from the relevant functional areas to work as team members (Vickland and Nieuwenhuijs 2005).

Last, but not least, identify champions to push the IPSAS implementation agenda. To secure the successful implementation of IPSAS, it is critically important that individuals who have access to government officials that have authority to authorize actions buy into the IPSAS agenda and act as champions for IPSAS implementation.

CONCLUSION

The purpose of this paper is to discuss the benefits and challenges of implementing IPSAS in the context of the economies of Africa. The analysis revealed ample evidence of the potency and potentials of IPSAS as a tool that leads to high quality financial accounting and reporting by governments. The application of IPSAS helps to reflect the true and fair view of how public finances have been deployed and managed. Thus, the transitioning to IPSAS will lead to better national/international comparability and consistency of financial information within and among African governments which is an essential ingredient of continuous improvement. Continuous improvement enhances the quality of service delivery which will help to reduce poverty and deprivation on the African continent. Improved financial reporting through IPSAS adoption by African governments could enhance transparency and accountability which are fundamental principles of democracy and political stability. Given these demonstrable virtues of IPSAS, no government urgently needs to adopt IPSAS more than the governments of the African region where political instability is rife as a result of a widespread lack of accountability and transparency. It is therefore more imperative on African governments to transition to IPSAS.

However, it can be observed with little equivocation that the successful implementation IPSAS, is not without challenges. Therefore, these challenges must be contemplated and mechanisms developed in advance for curtailing or mitigating their effects. Among other things, governments desirous of transitioning to IPSAS must develop a framework for implementation and invest in building capacity among the personnel that will be responsible for driving the implementation process. Governments must also build strong institutions and systems to facilitate the process at the highest level of leadership. It must also be recognised that IPSAS implementation is a change management initiative. Consequently, successful implementation of IPSAS must necessarily involve the application of appropriate change management strategies.

REFERENCES

- Anderson, J., (2009). 'Illusions of Accountability: Credit and Blame Sense Making in Public Administration'. *Administrative Theory & Practice (M.E. Sharpe)*, 31(3), 322-339.
- Andriani, Y. Kober, R. and Ng, J., (2010). 'Decision Usefulness of Cash and Accrual Information: Public Sector Managers' Perceptions'. *Australian Accounting Review*, 20(2), pp. 144-153.
- Atuilik, W. A. (2016). The relationship between the adoption of International Public Sector Accounting Standards (IPSAS) by governments and perceived levels of corruption. *International Journal of Current Research*, 8(5), 32052-32070.

- Barton, A., (2005). 'Professional Accounting Standards and the Public Sector—A Mismatch'. *Abacus*, 41(2), 138-158.
- Belkaoui, A., (1983). 'Accrual Accounting and Cash Accounting: Relative Merits of Deprived Accounting Indicator Numbers'. *Journal of Business Finance & Accounting*, 10(2), pp. 299-312.
- Bergmann, A., 2012. 'The Influence of the Nature of Government Accounting and Reporting in Decision-Making: Evidence from Switzerland'. *Public Money & Management*, 32(1), pp. 15-20.
- Bergmann, A., (2011). 'Improving Public Sector Financial Management Through the Use of IPSAS'. Retrieved from <http://www.ifac.org>.
- Bergmann, A., (2009). '*Public Sector Financial Management*'. Harlow, UK: Pearson Education Limited.
- Carlin, T.M., (2005). 'Debating the Impact of Accrual Accounting and Reporting in the Public Sector'. *Financial Accountability & Management*, 21(3), pp. 309-336.
- Chan, J. L., (2003). 'Government Accounting: An Assessment of Theory, Purposes and Standards'. *Public Money & Management*, 23(1), 13-20.
- Chan, J. L., (2006). 'IPSAS and Government Accounting Reform in Developing Countries'. Retrieved from <http://jameslchan.com/papers/Chan2006IPSAS%26GAFDC.pdf>.
- Christiaens, J. and Rommel, J., 2008. 'Accrual Accounting Reforms: Only for Businesslike (Parts of) Governments'. *Financial Accountability & Management*, 24(1), pp. 59-75.
- Danaee, F. H., and Anvary, R. A., (2007). 'Promoting Public Trust in Public Organizations: Explaining the Role of Public Accountability'. *Public Organization Review*, 7(4), 331-344.
- Guthrie, J., (1998). Application of accrual accounting in the Australian public sector--rhetoric or reality. *Financial Accountability & Management*, 14(1), 1-19.
- Hodges, R. and Mellett, H., 2003. 'Reporting Public Sector Financial Results', *Public Management Review*, 5(10), pp. 99-113.
- Humphrey, C., Miller, P., and Scapens, R. W., (1993). 'Accountability and Accountable

Management in the UK Public Sector'. *Accounting, Auditing & Accountability Journal*, 6(3), 7-29.

Ijeoma. N. B. and Oghoghomeh. T., (2014) 'Adoption of International Public Sector Accounting Standards in Nigeria: Expectations, Benefits and Challenges'. *Journal of Investment and Management*3(1): 21-29.

International Federation of Accountants (2015). '*Handbook of International Public Sector Accounting Pronouncements: 2015 edition, Volume I*'. New York, IFAC. Retrieved from <http://www.ifac.org/publications-resources/2015-handbook-international-public-sector-accounting-pronouncements>.

International Federation of Accountants (2009). '*International Public Sector Accounting Standards Board*'. New York, IFAC. Retrieved from <http://www.ifac.org>.

International Federation of Accountants Public Sector Committee (2000). *Government Financial Reporting: Accounting issues and Practices*, New York: IFAC

International Public Sector Accounting Standard Board (2010, November). International Public Sector Accounting Standards. Retrieved from http://wapedia.mobi/en/International_Public_Sector_Accounting_Standards.

Khan, A. and Mayes, S., (2009). 'Transition to Accrual Accounting'. Fiscal Affairs Dept. of IMF.

Kober, R. Lee, J. and Ng, J., 2010. 'Mind Your Accruals: Perceived Usefulness of Financial Information in the Australian Public Sector under Different Accounting Systems'. *Financial Accountability & Management*, 26(3), pp. 267-298.

KPMG (2013). 'International Public Sector Accounting Standards: Africa Implementation Survey Results'. Retrieved from http://www.kpmg.no/arch/_img/9834620.pdf

Kwon, Y. K., (1989). 'Accrual Versus Cash-Basis Accounting Methods: An Agency Theoretic Comparison', *Journal of Accounting & Public Policy*, 8(4), pp. 267-281.

Lapsley, I., Mussari, R., and Paulsson, G. (2009). On the adoption of accrual accounting in the public sector: A self-evident and problematic reform. *European Accounting Review*, 18(4), 719-723.

Mulgan, R., (2000). 'Accountability': An Ever-expanding Concept?' *Public Administration*, 78(3), 555-573.

- Mulgan, R., (1997). 'The Processes of Public Accountability'. *Australian Journal of Public Administration*, 56(1), 25-37.
- Müller-Marqués Berger, T. and Ernst & Young (2012). '*IPSAS Explained A Summary of International Public Sector Accounting Standards*, Second Edition'. Chichester: John Wiley & Sons Ltd.
- Nistor, C., Deaconu, A., Cirstea, A., and Filip, C., (2009). 'Stability and Coherence in Transition: A Wish that can be accomplished? The Accounting System of Romanian Public Institutions'. *Journal of International Business & Economics*, 9(2), 106-123.
- Paulsson, G., (2006). 'Accrual Accounting in the Public Sector: Experiences from the Central Government in Sweden'. *Financial Accountability & Management*, 22(1), pp. 47-62.
- Pina, V. and Torres, L., (2003). 'Reshaping Public Sector Accounting: An International Comparative View'. *Canadian Journal of Administrative Sciences*, 20(4), pp. 335-50.
- Roje, G., Vašiček, D., and Vašiček, V., (2010). 'Accounting Regulation and IPSAS Implementation: Efforts of Transition'. *Journal of Modern Accounting & Auditing*, 6(12), 1-16.
- Tickell, G., (2010). 'Cash to Accrual Accounting: One Nation's Dilemma'. *International Business & Economics Research Journal*, 9(11), 71-78.
- Tikk, J., (2010). 'Accounting Changes in the Public Sector in Estonia', *Business: Theory & Practice*, 11(1), pp. 77-85.
- Torres, L., (2004). 'Accounting and Accountability: Recent Developments in Government Financial Information Systems. *Public Administration & Development*, 24(5), 447-456.
- Vickland, S. and Nieuwenhuijs, I., (2005). 'Critical Success Factors for Modernizing Public Financial Management Information Systems in Bosnia and Herzegovina'. *Public Administration & Development*, 25(2), 95-103.
- Wynne, A., (2007). 'Is the Move to Accrual Based Accounting a Real Priority for Public Sector Accounting?' *Public Fund Digest*, 6(1), pp.25-39.
- Wynne, A., (2008). 'Accrual Accounting for the Public Sector—A Fad That Has Had Its Day'. *International Journal on Governmental Financial Management*, 8(2), pp.117-132.

Xiao, M., (2006). 'On human capital characters of the party and government leaders.
International Advances in Economic Research, 12(3), 423-423.