



ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS,

ACCOUNTING AND FINANCE DEPARTMENT

**International Public sectors Accounting Standard Implementation
Practice in Ethiopia: In the case of Implementing international Non-
Governmental Organizations.**

By, Beneber Teshome Tesfe

June, 2022

Addis Ababa Ethiopia

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**A Thesis Submitted to Addis Ababa University School of Business and Economics
Accounting and Finance department in partial fulfillment of the requirements for
the MSc Degree in Accounting and Finance**

June/2022
Addis Ababa, Ethiopia

LETTER OF DECLARATION

I hereby declare that this thesis entitled “International Public sectors Accounting Standard (IPSAS) Implementation Practice in Ethiopia: In the case of Implementing International Non-Governmental Organizations” is my original work to the best of my knowledge and has not been presented for an award of degree at this or any other universities, and that all reference materials contained therein have been duly acknowledged.

By,

Beneber Teshome Tesfe

Signature _____

Date _____

Final Approval

As members of Examining Board of final MSc Open defense, we certify that we have read and evaluated the thesis prepared by: Beneber Teshome Tesfe entitled: “International Public sectors Accounting Standard (IPSAS) Implementation Practice in Ethiopia: In the case of Implementing International Non-Governmental Organizations” and recommended that it be accepted as fulfilling the thesis requirement of: MSc Degree in Accounting and Finance.

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Final approval and acceptance of the thesis is contingent upon the submission of the final copy of the thesis to the council of graduate studies through the departmental graduate committee of the candidate’s major department.

I hereby certify that I have read this thesis prepared under my direction and recommend that it be accepted as fulfilling the thesis requirement.

Name of Thesis Advisor	Signature	Date
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List of Acronyms

AABE	Accounting and Auditing Board of Ethiopia
ACSO	Agency for Civil Society Organization
FDRE	Federal Democratic Republic of Ethiopia
IFAC	International Federation of Accountants
IMF	International Monetary Fund
INGO	International Non-Governmental Organization
IPSAS	International Public Sector Accounting Standard
IPSASB	International Public Sector Accounting Standard Board
LNGO	Local Non-Governmental Organization

Abstract

IPSAS is a new concept in Ethiopia having the required technical expertise and issued by Accounting and Audit Board of Ethiopia to be applied on public sector including INGOs. The objective of this study was to assess IPSAS implementation practice on INGOs currently operating in Ethiopia. The study used descriptive survey design and the data collected for this particular study were from 34 sample respondents. The main benefits of this study includes enhanced internal control, employ benefit calculation, comparability and understandability, better resource management, acceptability of the financial report by the concerned bodies, to establish effective follow up procedure, to measured and recognize donation in kind and in service and to record inventory appropriately. The main challenges of IPSAS implementation includes fixing a fixed asset threshold, lack of budget to facilitate training for staffs, inflated cost of consultants, low management attitude about the system, lack of readiness of government bodies for monitoring its implementation in public sectors and creates a reasonable conflicting situation between charities and regulatory bodies regarding with operational and administrative cost category of 80/20 rule. The study finding implies that, AABE needs to work with Ministry of Education to include IPSAS concept as one course in every business fields of studies. AABE, ACSO, charities and External Audit Service providers should provide IPSAS training for their staffs to accelerate and maximize the benefit gained from IPSAS implementation. Finally I suggest that, to enhance IPSAS implementation, both researchers and policy makers should target on testing the performance of the implementers and controllers.

Keywords: International Public Sector Accounting Standards, Ethiopia

Chapter One

Introduction

1.1 Public Sector Accounting Standard

There are many large organizations and massive amount of funds involved in the not-for-profit sectors worldwide including Ethiopia. According to Crawford et al.2014) charities and other Non-Government Organizations (NGOs) work globally to provide development and relief activities using funds they receive from different Governments, Private donors and International foundations. A few years ago, grant or fund givers were started to change their previous financial communication approach which were used to contact their partner organizations and shifted to a global approach. This global way of approaching all financed organizations enables the donor to have a common budget planning and financial reporting framework. The funding organizations was benefited from newly implemented global based financial reporting system and put it in work to contact all organizations whose get project based finance by preparing a yearly and quarterly basis budget plan with required time frame.

The International Monetary Fund (IMF) and the World Bank have been the main providers of financial support for the International Public Sector Accounting Standards Board (IPSASB) and encouraged the developing countries to introduce accrual accounting (Hepworth, 2003). Cash basis accounting system was previously adopted by Charity in Ethiopia do not give insight into actual state of assets, liabilities, revenue, and expenses. Therefore, The International Public Sector Accounting Standard (IPSAS) is needed to have a clear financial reporting framework for the public entities like charity organization in Ethiopia. The international public sector accounting standards are a set of accounting standards issued IPSAS board for use to public sector entities around the world in the preparation of financial statement (IFAC 2019).

IPSAS has become one of the popular tools implemented by government to ensure greater transparency and accountability and to enhance financial report quality globally. IPSAS are a global accrual based accounting standards which enable the government to produce high quality financial information that leads to better decision making and builds accountability and trust with citizens (IFAC, 2017). IPSAS are the international accounting standards applicable to public sector designed to promote enhanced quality and consistency and provide an accounting frame work to all public sector entities including INGOs and LNGOs.

In response to financial report preparation and presentation proclamation 847/2014, INGOs who's started implementing IPSAS has developed accounting policy and procedure manual based on accrual basis IPSAS. The manual is based on specific IPSAS standards and requirements, all policies and procedures included in this manual have been fully extracted from IPSASB handbook 2019 volume I, II and III. IPSAS based accounting policy and procedural manual has six main sections including Presentation; Revenue: exchange and non-exchange transactions; Expenses and liabilities; Assets and valuation; Financing, financial instruments and foreign exchange; and Disclosure. This manual is supplementary manual for the manual in use currently.

The purpose of this manual is to provide detail guidelines on recognition, measurement, presentation and disclosure requirements for transactions, events, conditions and balances while preparing and presenting financial statements based on accrual basis IPSAS. Moreover, it provides accounting procedures for transactions, events and conditions during the reporting period and this manual will enable all finance staff to operate with uniformity and consistency in the discharge of their duties. The manual is intended to provide assistance with practical day-to-day implementation of policy and procedure issues. The policies and procedures contained in this manual are to be read in conjunction with IPSAS and other operational and policy manuals currently in use by implementing INGOs operating in Ethiopia.

Currently 42 accrual basis IPSAS standards were issued from these five IPSAS were superseded, two IPSAS were issued as new standards (IPSAS 41 and 42). The envisaged benefits of IPSAS are transparency; enhanced internal control; improved report quality; accountability; comparability and better interpretation and acceptability of financial reports. Furthermore, international accounting standards require that more information be provided and disclosed in an organization's financial statements, leading to better information availability and transparency for decision-making. Charities and societies are forced and started to implement IPSAS by July 2017. Now day's majority INGOs and few other Local NGOs are started preparing their yearly financial report using a global approach IPSAS standard to be accepted by Accounting and Auditing Board of Ethiopia (AABE) and FDRE Authority for Civic Society Organization (ACSO). By 2026 G.C almost all INGOs are expected to start using IPSAS for their yearly financial report preparation.

1.2 Problem Statement

In the proclamation 847/2014, charities are considered among the public sectors. Charities are not there to get a profit rather to provide service for the common good using the funds they receive from donations or grants. They are expected to utilize the funds provided within the agreed time for the agreed purpose. As we well know the stewardess of donated resources, the public and donors need assurance that the resources are being used properly for the stated purpose by these organizations. INGOs produce financial reports to meet the financial information needs off the stakeholders, donors and regulatory bodies. As we understood and IFAC publication announced that not-for-profit entities are spending money and time addressing various regulators' reporting requirements as well as those of their funders when they would rather use those resources to deliver services.

As the researcher tried to analyze selected article papers and thesis work which were conducted at INGOs sector in Ethiopia most of them were focused on IPSAS adoption not on current status, benefits and challenges resulted in the sector through IPSAS Implementation. Various studies have been conducted on the challenges of the adoption of IPSAS at federal level. Sanni (2017) carried out their respective research on the challenges and benefits of adoption of IPSAS and Prosper (2018) also carried out a study on challenges and benefits of IPSAS implementation on Africa union. But there is no study was conducted as much as specific on IPSAS implementation at implementing INGOs those whose are currently operating in Ethiopia. According to Tesfaye (2020) study shown, the use of IPSAS on Financial statement preparation is one of the improvements of transparency and accountability of INGOs.

As described, different researchers including Tesfaye (2020), Sanni (2017) and others conducted a researches on IPSAS adoption which are designed to be used in government and International Organizations. None of the studies were conducted in the Implementing INGOs whose are currently operating in Ethiopia on the current status, benefits and challenging issues regarding IPSAS implementation.

There is a lack of an empirical study that examines the data from INGOs, whose are currently operating in Ethiopia. Therefore it is necessary to conduct this study in order to understand the obstacles behind that low progress of IPSAS implementation in INGOs. The main reason a researcher needs to select INGOs is that IPSAS adoption and implementation firstly becomes a

mandatory for International NGOs and starting from 2017 the sector is forced to implement IPSAS to prepare their yearly financial report and expected to submit to ACSO after it approved and authenticated by AABE. This study attempts fill the gap and create better environment for implementing INGOs and it helps for future Implementation of IPSAS for INGOs in Ethiopia.

1.3 Research Questions

The main research questions of this thesis work were the following.

1. How far the status of IPSAS implementation in INGOs when compared with the expected result of its conversion and implementation?
2. What benefits has INGOs resulting from implemented Accrual base Accounting/IPSAS?
3. What challenges has implementing INGOs encountered during IPSAS implementation?

1.4 Research Objectives

1.4.1 General objective

The general objective of this study was to assess IPSAS implementation practice in INGOs currently operating in Ethiopia.

1.4.2 Specific Objectives

- I. To know the status of IPSAS implementation in INGOs currently operating in Ethiopia.
- II. To locate the viable benefits resulted from the implementation of IPSAS in INGOs regarding with financial reporting and assets management.
- III. To examine and determine the main challenges encountered during the implementation of IPSAS in INGOs financial reporting.

1.5 Significance of the Study

This study expected to be significant for the following three parties mainly for IPSAS implementer, Researchers and for the organizations whose stands on the position of guiding IPSAS implementation including AABE and FDRE Authority for Civil Society Organizations. Primarily, the study findings will benefit foreign charity organizations whose are currently operating in Ethiopian to increase the level of public trust in terms of accountability and transparency and hence to improve their capability to attract more funding and ensure their organizational sustainability. Also, the one who may want to gather data and acquire information on Implementation of IPSAS

from foreign charities working in Ethiopia will use this thesis finding as a source of reference to organize the study related literature. Additionally, the recommendations for improvements will help both AABE and FDRE Authority for Civil Society organization to design monitoring and controlling procedures.

1.6 Scope of the Study

The scope of this study was the implementing Foreign Civic society Organizations who's currently found and operating in Ethiopia. This study was focused on the current status, benefit and challenges of IPSAS implementation in sample organizations. In term of time, the period was considered from start or from first-time adoption of IPSAS and to its current implementation status on sample INGO's. The respondents of this study were sampled organizations finance department staffs including Finance Mangers and Officers whose have experience of IPSAS implementation. This study were conducted starting from September 2021 to February 2022.

1.7 Limitation of the Study

The highly expected limitation in this study was that the respondents might consider some information as confidential and might not be willing reveal most of it. The study overcome the limitation by having a letter of introduction from the university to assure the respondents that the information provided would be used for the academic purpose and would thereby be treated with confidentiality.

1.8 Organization of the paper

The thesis work surrounds by Five Chapters: The first chapter presents a study background, statement of problem, research questions, objectives, significance, scope and limitations of the study. Chapter two presents definitions and concepts of IPSAS and its Implementation in Ethiopia, empirical review of IPSAS implementation and summery of the study gap. Chapter three presents research design, study population, sample and sampling techniques, data collection, data reliability and validity and data analysis techniques. Chapter four presents data analysis, results and discussions including results of the descriptive statistics and regression analysis. The last chapter, chapter five summery of findings, conclusion and recommendations of the thesis work and implication for future study were provided.

Chapter Two

Review of related Literatures

2.1 Introduction

A Literature review is a summary of the past studies carried out in respect of the topic under investigation. This chapter starts discussion with the meaning of IPSAS, why Non-Government Organization need to implement IPSAS on their financial reporting, the benefit and main goals of IPSAS implementation INGOs and their financial reporting quality. In general, this chapter also discusses the Accounting practice and experience of INGOs IPSAS implementation of and extend by synthesizing the existing empirical research around international accounting standards. Finally, the chapter ends by summarizing the review and identifying the gap in the existing literature to select and use the appropriate research methodology and design.

2.2 IPSAS Overview

2.2.1 Definition and concepts of IPSAS

The IPSASs are a set of accounting standards issued by the international public-sector accounting standard board (IPSAS B) for use by public sector entities around the world at the preparation of financial statements. IPSAS standards are categorized into six sections: Presentation; Revenue: exchange and non-exchange transactions; Expenses and liabilities; Assets and valuation; Financing, financial instruments, and foreign exchange; and Disclosure. There are 42 standards on the accrual basis of accounting and one standard on the cash basis of accounting (IPSAS Handbook published March 2011).

IPSASs is designed to promote enhanced quality and consistency in public sector accounting and provide an accounting framework which can be followed by all public sector entities, including national and regional and local governments, International and local organizations and Non-governmental organizations. Currently forty-two accrual basis IPSAS standards were issued, from these, five IPSAS standards were superseded, two IPSAS standards were issued as new standards (IPSAS 41 and 42). The new standards will be implemented effective from 01 January 2022.

2.2.2 General principles of accounting under IPSAS

The main goal of IPSAS implementation are; Improve the quality of financial reporting resulting in benefits for governance accountability and transparency, Support more efficient of financial and

human resources available to the organization, Financial policies, regulations and rules better respond to the current needs of the organization, Support efficient and effective conduct of work and it is modern progressive organization that attains and remains up-to-date with best management practice (IPSAS hand book, 2011). IPSAS standard uses a fundamental principle for the preparation of financial statements and the following are commonly used general principles.

1. **Accrual basis:** The effects of transactions and other events are recognized when they occur (and not when cash or its equivalent is received or paid), recorded in the accounting records and reported in the financial statements for the financial periods to which they relate.
2. **Going concern:** Financial statements are normally prepared on the assumption that an entity is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the entity has neither the intention nor the need to liquidate or reduce materially the scale of its operations. If there is such an intention or need, the financial statements may need to be prepared on a different basis and, if so, the basis used is disclosed.
3. **Understandable:** It is essential that the information provided in financial statements be readily understandable by users. In this regard, users are assumed to have a reasonable knowledge of accounting, business, and economic activities in general. However, information about complex matters that should be included in the financial statements because of its relevance to the economic decision-making needs of users should not be excluded merely on the grounds that it may be too difficult for certain users to understand.
4. **Relevance:** If it is to be useful, information must be relevant to the decision-making needs of users. Information is relevant when it influences economic decisions by helping users to evaluate past, present, or future events or by confirming or correcting their past evaluations. Financial statements must have predictive value and confirm past events.
5. **Materiality:** Information is material if its omission or misstatement could influence the economic decisions made based on the financial statements. Whether information should be disclosed in the financial statements will depend on its materiality. Materiality depends on the nature or size of the item or error judged in the circumstances of its omission or misstatement. Thus, materiality provides a threshold or cut-off point rather than being a primary qualitative characteristic that information must have if it is to be useful. The consideration of materiality

is relevant to judgments regarding both the selection and the application of accounting policies and to the omission or disclosure of information in the financial statements.

6. **Reliability:** Information is “reliable” when it is free from material error and bias and can be depended upon by users to faithfully represent what it either significances to represent or could reasonably be expected to represent.
7. **Comparability:** Users must be able to compare the financial statements of an entity through time to identify trends in its financial position and performance. They must also be able to compare the financial statements of different entities to evaluate their relative financial position, performance, and changes in financial position. Hence, the measurement and display of the financial effect of like transactions and other events must be undertaken in a consistent way throughout an entity and over time for that entity.
8. **Consistency:** Accounting rules, practices, concepts, and conventions should be continuously observed and applied, i.e., they should not change from one year to another. The rationale behind this convention is that frequent changes in accounting treatment would make the financial statements unreliable.
9. **Fair presentation:** Financial statements are frequently described as presenting fairly the financial position, performance, and changes in financial position of an entity. The application of the principal qualitative characteristics and of appropriate accounting standards normally results in financial statements that convey what is generally understood to be a fair presentation of such information.
10. **Prudence:** It is the inclusion of a degree of caution in the exercise of professional judgments in making estimates under conditions of uncertainty such that assets or income are not overstated, and liabilities or expenses are not understated. However, the exercise of prudence does not allow, for example, the creation of hidden reserves or excessive provisions, the deliberate understatement of assets or income or the deliberate overstatement of liabilities or expenses, as this would result in financial statements that are not neutral.
11. **Compliance with IPSAS:** Organizations shall prepare its general-purpose financial statements for each fiscal year 31 December in compliance with IPSAS.

12. Offsetting: Assets and liabilities, and income and expenses, shall not be offset unless required or permitted under the applicable IPSAS such as, inter transactions payables and receivables.

13. Presentation Currency: Organizations uses Ethiopian Birr (ETB) as its reporting currency.

14. Rounding off Figures: Figures in the financial statements must be rounded to nearest ETB.

2.2.3 Purpose of IPSAS Implementation

The International Public Sector Accounting Standards Board (IPSASB) works to strengthen public financial management globally through developing and maintaining accrual-based IPSASs and other high quality financial reporting guidance for use by governments and other public sectors entities. The adoption and Implementations of IPSASs by government and non-governmental organizations will improve both the quality and comparability of financial information reported by public sector entities around the world. General purpose of financial statements includes those that are presented separately or within another public document such as an annual report. All general purpose financial statements were prepared and presented under the accrual basis of Accounting in accordance with IPSASs.

2.2.4 Public Sectors and Accounting

The term Public Sector refers to the section of the economy that is owned and operated by the government not private businesses or individuals. All public entities and NGOs other than government business enterprise qualify as a public entity to use IPSAS issued by IFAC and IPSASB, (Ijeoma, 2014). The public sector environment differs from the private sector environment and Public sector used IPSAS and private sector uses IFRS for their financial report preparation accordingly.

Public sector accounting is the accounting principle used by public sector to prepare both yearly budget plan and financial statement. Public accounting can be divided into budget accounting, financial accounting, and management accounting. It classifies in terms of purpose of using information and each kind of accounting has its own characteristic. There are several bases of accounting which will be used by public sectors for preparation of their financial report and budget formulation. From those some of them are including (cash basis of Accounting, Accrual basis Accounting and Modified Accrual basis Accounting) are listed and discussed as below.

1. **Cash Base Accounting:** Cash accounting records the inflow and out flow of cash is regardless of when revenues are earned, and expenses are incurred. A cash accounting system is simple. Cash base accounting and budget accounting coincides in many countries. Cash-based budgeting does not require cash accounting, but cash accounting requires cash budget.
2. **Accrual Basis Accounting:** Accrual basis means a basis of accounting under which transactions and other events are recognized when they occur (and not only when cash or its equivalent is received or paid). The elements recognized under accrual accounting are assets, liabilities, net assets/equity, revenue, and expenses.
3. **Modified Accrual Base Accounting:** Modified accrual accounting recognizes transaction and events when they occur, no matter when cash is paid or received. In comparison with cash basis of accounting, this model is better in giving an adequate framework for assessing and arrears due to expenditures at the verification stage recognized as liabilities. There is a variety of modified accrual accounting systems, depending on the treatment of superannuation, inventories, depreciation, etc.

2.3 IPSAS Implementation in INGOs In Ethiopia

Ethiopia is one of the developing country found in East Africa and registered a remarkable achievement in the main economic and service sector. Currently, the country Government started implementation of IPSAS for financial reporting preparation by make adoption and implementing mainly in INGOs. The main objective of the IPSAS is to improve the information from public sector accounting, permitting the comparability and providing tools from the social control of public entities, with a view to the future understanding of bookkeeping information and its disclosure in the financial statements, provoking profound change in management, measuring and disclosure of equity items (Josediton, 2015).

Since the year ended 31 December 2019 due to government of Ethiopia Agency for civil society organization mandatory requirement, the financial reporting of the INGOs has been prepared in accordance with International Public Sector Accounting Standards and the requirements of their Financial Rules and Regulations.

Based on most Implementing INGOs financial statements for the year ended December 31, 2019 and 2020, the significant IPSASs applicable to them are;

IPSAS 1, Presentation of financial statements: sets out the overall considerations for the presentation of financial statements; offers guidance for the structure of the statements and minimum requirements for their content under the accrual basis of accounting.

IPSAS 2, Cash flow statements: requires the provision of information about the changes in cash and cash equivalents during the financial period arising from operating, investing and financing activities.

IPSAS 3, Accounting policies, changes in accounting estimates and errors: specifies the accounting treatment for changes in accounting estimates, changes in accounting policies and the correction of errors.

IPSAS 4, the effects of changes in foreign exchange rates: deals with accounting for foreign currency transactions and provides guidance on how to translate the financial statements into a presentation currency. The principal issues are which exchange rate to use for the recognition of certain transactions and balances, and how to report the financial effect of changes in exchange rates within the financial statements.

IPSAS 12, Inventories: prescribes the accounting treatment of inventories, including cost determination and expense recognition and any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories.

IPSAS 13 Leases: establishes requirements for the accounting treatment and disclosures for operating and finance leasing transactions by lessees and lessors.

IPSAS 14, Events after the reporting date: establishes requirements for the treatment of certain events occur after reporting date and distinguishes between adjusting and non-adjusting events.

IPSAS 17, Property, plant and equipment: establishes the accounting treatment for property, plant and equipment, including the basis and timing of their initial recognition, and the determination of their ongoing carrying amounts and related depreciation and impairment.

IPSAS 19, Provisions, contingent liabilities and contingent assets: establishes requirements for the recognition of provisions and the disclosure of contingent liabilities and contingent assets.

IPSAS 20, Related party disclosures: establishes requirements for the disclosure of transactions with parties that are related to the reporting entity. This information is required for accountability purposes and to facilitate a better understanding of the financial position and performance of the reporting entity.

IPSAS 21, Impairment of non-cash-generating assets: prescribes the procedures that an entity applies to determine whether a non-cash-generating asset is impaired and to ensure that impairment losses are recognized. It specifies when an entity would reverse an impairment loss and prescribes disclosures.

IPSAS 23, Revenue from non-exchange transactions (taxes and transfers): deals with issues that need to be considered in recognizing and measuring revenue from non-exchange transactions, which are the main source of revenues.

IPSAS 24, Presentation of budget information in financial statements: requires a comparison of budget amounts and the actual amounts arising from the execution of the budget to be included in the financial statements of entities that are required to or elect to make publicly available their approved budget(s) and for which they are therefore held publicly accountable.

IPSAS 28, financial instruments: presentation: prescribes principles for classifying and presenting financial instruments as liabilities or net assets and for offsetting financial assets and liabilities.

IPSAS 29, financial instruments: recognition and measurement: establishes principles for recognizing, de-recognizing and measuring financial assets and financial liabilities.

IPSAS 30, financial instruments: disclosures: prescribes disclosures that enable the users of financial statements to evaluate the significance of financial instruments to an entity, the nature and extent of their risks, and how the entity manages those risks.

IPSAS 31, Intangible assets: prescribes the accounting treatment for intangible assets that are not dealt with, specifically in another standard.

IPSAS 33 First-time Adoption of Accrual Basis IPSAS: provide guidance to a first-time adopter that prepares and presents financial statements following the adoption of accrual basis IPSASs.

IPSAS 39, Employee Benefits: to prescribe the accounting and disclosure for employee benefits.

2.3.1 Status of IPSAS Implementation in INGOs in Ethiopia

Accounting and Auditing Board of Ethiopia (AABE) was established under financial reporting proclamation no 847/2006 to implement feasible and understandable financial reporting standards and to provide awareness creation trainings for governmental and non-governmental organizations through designing implementation roadmap. The Accounting and Auditing Board of Ethiopia was provided awareness creation training for charities and societies on International Public Sector Accounting Standards (IPSAS). The training undertaken from June 9 to 19/2017 in Addis Ababa University, Faculty of Business and Economics was expected to enhance consolidated awareness for participants of charitable organizations. Since its establishment, the board has been providing consecutive trainings on IPSAS for charities and societies.

On 8 July 2018, charitable societies were introduced about IPSAS system based on the implementation roadmap launched by the board. Reference to IPSAS by reporting entities prior to the mandatory requirement date shall be considered as “voluntary” adoption and treated accordingly. The reporting entities are not allowed to make such unreserved reference to IPSAS unless they fully comply with all the requirements of the IPSASs applicable to their circumstances. For Charities, starting from Hamle 1, 2010 E.C was the date for adoption of IPSAS and prepare their annual financial report in line with those standards.

2.3.2 Benefits and Challenges of IPSAS Implementation

The implementation of IPSAS were transform the current system, from cash to an accruals-based public sector accounting system based on IPSAS. Accrual accounting, and IPSAS, was enhancing Accountability, Credibility and Transparency, apart from improving overall decision-making within the public service. According to UNAIDS (2012), the implementation of IPSAS has resulted in the following key benefits.

1. Strengthened accountability towards all stakeholders and strengthened support for results-based management through the provision of comprehensive information on costs.
2. Improved management and planning across the Joint programmes due to better accounting practices for income and expenditure.
3. Better understanding of revenue and expenses and improved management of commitments, risks, and uncertainties.

4. Increased transparency and harmonization of financial reports and statements across the UN system, Enhanced prediction of future asset and cash-flow needs.

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 (Tickell, 2010). According to the study conducted by Patrick (2016), Implementation of IPSAS in Africa, some challenges and issues have been identified which includes Lack of legal framework, Technical challenges, Institutional challenges, Finance cost and Inadequate Information and Communication Technology (ICT). As observed from the presentation PPT prepared by Dawit (2017), from Implementation practice of IPSAS in Ethiopia, some Practical Challenges identified and presented on the presentation paper are: Potential knowledge shortfall, Accounting Education and training, Limited Training Resources, Tax system effect, Legal system effect, Enforcement and Compliance mechanism. According to Tesfaye (2020) statement, there are four bases of accounting, and these accounting bases are not the same challenges but there is a common challenge around the world. Most of them are: Cost to Implement, Availability of quality accountants, Apparent Complexities, Readiness of government departments and agencies and Resistance.

2.4 IPSAS Implementation Road Map

The following are a Sample IPSAS implementation road map based on the national IPSAS Implementation Road map formulated and uploaded online (June 06, 2016)

1. Secure Senior-executive level sponsorship and form IPSAS implementation project team
2. Engage consultants and experts and identify key gaps between current national reporting framework and IPSAS.
3. Consider impact on regulatory/statutory and tax reporting and understand the financial and business impacts of IPSAS conversion.
4. Determine possible actions to mitigate volatility of results under IPSAS (within constraints of current rules).
5. Reporting requirements and identify the financial impact understood too late; insufficient time to study alternatives/mitigate actions.

6. Identify Transition adjustments, Prepare IPSAS opening, Set Up a rigorous change management and prepare comparative figures
7. Assess the systems and process impacts on financial reporting and consolidation systems.
8. Determine changes required to source systems to provide the additional data.
9. Implement new procedures to support your business under IPSAS reporting.
10. Equip Principal key People and Secure buy-in and support from the business
11. Establish a broad communication plan for adequate training/knowledge transfer.
12. Produce first sets of financial statements based on IPSAS and have it audited.
13. Submit the financial report along with the audit report to AABE within 20 days of signing of the financial statement

2.5 The Presentation of financial statements under IPSAS

The presentation and classification of items in the financial statements shall be retained from one financial period to the next unless, based on a change in the nature of the entity operation or a review of its financial statements, another presentation is found to be more appropriate, or a standard requires such change. Each material class of similar items shall be presented separately in the financial statements (PPE, Inventory, Cash and others as per IPSAS 1.88). Assets and liabilities revenue and expenses shall not be offset unless required or permitted by a standard.

The objective of general-purpose financial statements is to provide information about the financial position, financial performance and cash flows of an entity that is useful to a wide range of users in making decisions about the allocation of resources and to demonstrate the accountability of the entity for the resources entrusted to it. All IPSAS requirements for the financial statements should be prepared and presented based on accrual base of IPSAS. Unlike accrual basis IPSAS financial statements, financial statements can be prepared and presented in different basis (cash basis, modified cash and U.K GAAP basis) and tailored to specific users (donors, HQ, regional office) shall be supported and guided by another policy and procedures.

In accordance with the transitional provisions of IPSAS 1 and the guidance of first-time adopter IPSAS 33, INGOs are not required to present comparative information for the first financial period

pursuant to the adoption of IPSAS. Interim financial statements are not addressed by IPSAS and therefore, it is not the policy of implementing INGOs to prepare and present interim financial statements such as quarter or semi-annually financial statements based on IPSAS. A complete set of financial statements in accordance with IPSASs comprises of the following components: A statement of financial position, a statement of financial performance, a statement of changes in net assets, Statement of cash flow, a comparison of budget and actual amounts; and Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory notes.

2.6 Theoretical Review on IPSAS Implementation

International Public Sector Accounting Standards (IPSAS) are the public sector equivalent of International Financial Reporting Standards (IFRS). The move towards using IPSAS in the public sector has the potential to radically change the practice of accounting and financial reporting in the sector, just as IFRS have accomplished with listed companies. The adoption of IPSAS is gaining momentum across the world. In 2015, the European Union announced the establishment and adoption of European Public Sector Accounting Standards (EPSAS) based on IPSAS with adoption dates to be determined by the respective countries. These factors have encouraged countries across the world to make statements concerning the adoption of standards established on either cash basis IPSAS or accrual basis IPSAS, with various deadlines.

Countries have used differing approaches in their adoption of IPSAS and are in different stages of adoption, with some having just started, while others have completed the process. The level of success has varied and is typically measured by the outcomes of the external audit process. Various report examines progress across a sample of developing countries where much of the recent IPSAS commentary has been focused. The list is not intended to be exhaustive, rather it aims to give select insights into the current status quo of IPSAS adoption across a range of developing countries, identifying commonalities and emerging issues. Senior public sector leaders were consulted to validate the findings, analyses the reasons for IPSAS adoption and the benefits and costs involved, as well as the challenges and their solutions.

According to Yusuf Aliyu (2020) study, Agency theory study the relationship that exist between principal and agent, who technically worked to achieve the same goal, but might not always share the same interest (conflict of interest). The theory seeks to align the interests of the principal and that of the agent. The theory was propounded in early 18th century by Adam Smith, but most

concepts regarding its development in literature was done in early 1970s by R. A. Jensen and Mitnick (Jensen & Meckling, 1976). In private and public sectors alike of any country, two parties are involved. One is paid by another to render a particular service; the two parties have different interests and information. The agency theory clarifies this relationship between the principal who owns the resources and the agent who manage the resources.

This relationship creates a principal-agent problem known as agency dilemma which is the struggle to motivate the agent to perform in the interests of the principal (William & Michael, 2000) The general public is the citizens of any given country, the tax payers in particular are described as the principal and owners of resources. The managers of such resources are group of people elected under democratic dispensation (public office holders) that govern the general public, who act as an agents (government), that are supposed to work under the directives and the interest of the principal (general public).

Therefore, the general public (tax payers) has the mandate to seek for accountability from those elected into government, who manages their resources. Consequently, these groups of elected individuals' sometime as a result of corruption and financial malpractice do act in accordance to their own interest and not that of the tax payers' (the citizens). The citizenry needs timely, accurate, reliable and complete financial reports in order to evaluate the public office holders/agent who has been given the authority and power to handle and manage their scarce resources. In an increasing quest for public sector accountability and transparency, there was call for the need for IPSAS adaptation and implementation by all the countries around the world.

But for the fact that accountability and transparency sometime are not in the interest of the government, it might decide not to include IPSAS in its policies, worthless of its implementation and might also decide not to sponsor IPSAS as a program or set a law that will regulate the conduct of its implementing. All these and other forms of resistance form part of the challenges influencing the timely implementation of IPSAS as outlined by Mukah, (2016) in a study, factors influencing the acceptance of IPSAS in Cameroon.

2.7 Empirical Review on IPSAS Implementation

Public sector accounting standards are standards applicable to the public sector (Pham, 2011). Accounting standards are understood as rules and guidelines on the most general and complete principles, methods of basic accounting procedures, providing the basis for accounting records.

Donors required the public sectors to initiate public finance management transformations, including the adoption of accrual accounting standards based on IPSAS. The IPSAS and IPSASB are parts of new public fund management reforms and provide guidance on recognition, measurement, and reporting framework for the public sector.

Therefore, IPSAS implementation is used to match and integrate the international accounting standards with the local accounting standard in charity organizations working in Ethiopia. Few experiences in adopting and implementing IPSAS; scarcity of qualified professionals and trained human resources; lack of proper guidelines from regulatory bodies on the adoption process and increased administrative, compliance or other costs are the key challenges of IPSAS implementation in Ethiopia. Not only the challenge there are also the benefits of IPSAS i.e. create accountability through asset management, transparency in information provided in the financial reports, perception of the standard, Educational & Professional responsibility. According to Tesfaye (2020), getting qualified accountant, high cost to implement and lack of readiness of government departments like Agency for Civic Society Organization and Accounting and Auditing Board of Ethiopia for monitoring IPSAS implementation are considered as the main challenge.

The other study conducted by Prosper (2018), specifically assesses the implementation of International Public Sector Accounting Standards at African Union. From the findings, the study established that lack of ongoing and focused training to the key staff, lack of Permanent Technical Team to review technical and operational issues, recommend policy changes, and look after the enforcement of recommendations have contributed to the slow progress in implementing IPSAS standards. The study revealed that transparency, accountability, comparability, and management and decision making have been improved. The study concluded that driving forces of IPSAS adoption in AU were to align its operations with financial year, meet partners' requirements, to attract donors and to be competitively comparable with other International Organizations.

The other study made by Sanni (2017), tried to address and examine the benefits and challenges of adopting the IPSAS in the foreign charity organizations working in Ethiopia. On his finding, the adoption of IPSASs will have challenges including cost of training ,new manuals, unavailability of adequate staffs in the market, lack of wide participation in the organization, difficulty in recognition, measurement and valuation of assets, delay in amendment to local regulations and lack of coordination and communication. The researcher of this study

recommended that, Foreign Charity Organizations should adopt IPSASs for better management, accountability and transparency in financial reporting and AABE should also encourage the use of IPSAS which help to attract more donors with big resource into the country.

Samuel (2020) wrote the article review paper on IPSAS adoption, benefits and challenges of IPSAS in Ethiopia in public sectors. The study results show that the adoption of IPSAS enhances accountability and transparency of managements by providing timely and clear annual financial reports. Unavailability of adequate professionals' staffs in the areas of asset valuation and public sector accounting, lack of budget for training of staffs, difficulties in recognition, measurement and valuation of assets, lack of compiled data, and lack of management commitment are challenges in the implementation of IPSAS in public sectors. He also recommended that, the government higher officials should be committed to implement IPSAS to enhance the quality and comparability of financial reports, the government should give emphasis to implement IPSAS to attract foreign direct investment, AABE should assist public sectors by providing training and consultancy in the adoption process, the ministry of education should revised the curriculum of the accounting courses by incorporate PSAS.

Mazhambe (2021) also conducted this study on Implementation Challenges of International Public Sector Accounting Standards (IPSAS) in Africa and the main purpose of his study is to analyses the implementation challenges of IPSAS. The study concluded from the findings that the IPSAS implementation challenges amongst others were: high cost, no conceptual pattern, heterogeneous supporting legal framework, economic and legislative challenges, no criteria for implementation task-force, inadequate IPSAS technical expertise, stakeholder conflicts, lack of political will and lack of training. There is another study conducted by Ahmad, Yusuf and Fatima (2020), in Yobe State, Nigeria on International Public Sector Accounting Standard and Implementation Challenges.

The finding of the study shows a significant relationship between untimely implementation of accrual IPSAS and cost of implementation. Their study concluded that if all mechanisms necessary for the smooth transition of accrual basis IPSAS is taken care of, then the standards can be implemented on time. They recommend that government of Yobe state should include in her annual estimate so that enough fund can be made available to carter for all the facilities necessary for accrual IPSAS implementation.

More or less, when we see the central point of all the above listed and reviewed study was focused on the area of IPSAS adoption and Implementation on INGOs, Development associations and in Africa union. As reviewed by the researcher, the benefit gained from Accrual basis IPSAS adoption and implementations are to enhance or create accountability through asset management, improve credibility and transparency in information provided in the financial reports and used for improving overall decision-making within the public service. The main challenges of IPSAS adoption and implementation are inadequate IPSAS technical expertise, lack of budget for training of staffs, difficulties in recognition, measurement and valuation of assets, lack of compiled data, and lack of management commitment, lack of coordination and communication, lack of readiness of government departments for monitoring IPSAS implementation in public sectors.

2.8 Summary and Gap in the Existing Literature

As a researcher tried to analyze related article papers with this thesis works and which were conducted at INGOs sector in Ethiopia most of them was focused on IPSAS adoption not on current status, benefits and challenges resulted in the sector from Implementation of IPSAS. The main reason the researcher chooses to conduct this study on INGOs is that, starting from 2017 this sector is forced to implement IPSAS to prepare their yearly financial report and expected to submit to ACSO after it approved and authenticated by AABE. And the researcher excludes Local NGOs from this study because still they are not forced to implement IPSAS on their yearly financial report preparation by Government of Ethiopia.

As it can be seen above, there are a number of studies regarding IPSAS adoption or implementation in other countries mainly focusing on government accounting. Conversely, there is a lack of empirical study that examines the situation in Ethiopia. Moreover, none of these studies considered charities' view about IPSAS implementation. Therefore, the current study makes an attempt to address this gap and assess the anticipated benefits and challenges of IPSAS implementation in foreign charities operating in Ethiopia. This particular study also attempts to create better financial reporting and communication for implementing INGOs and to be useful for future implementation of IPSAS in both local and international NGOs in Ethiopia.

Chapter Three

Research Design and Methodology

3.1 Introduction

This Chapter presents the overview of sampled organization background, overall research methodology used to collect data in order to answer the research questions and discusses about the study population and the target respondent who's considered as valuable source of information to conduct this particular study. On this section the researcher was gives an emphasis for overall sampling design including sample, sample size and sampling techniques used to select appropriate sample on this particular thesis work. Beside this, the types of data and its collection instruments, data collection methods validity and reliability and data analysis were explained and determined in this chapter as below.

3.2 Charity organization in Ethiopia

Charity organization or non-Governmental organizations in Ethiopia have a long history of services and their involvement in the economic and social life of the country began in early 20th century (Tesfaye 2020). INGOs in Ethiopia have been participated into the development of the country. There are two types of NGOs one is indigenous, and the other is international. This study was concerned with definition the current status, benefit and challenges of IPSAS implementation in the INGOs whose are currently operating in Ethiopia.

3.2.1 Accounting Features of Charity Organization in Ethiopia

- A. Use of accrual basis of accounting: Now day's International charity organizations were started to employ accrual basis of accounting and most of the local charity organizations were maintaining their accounts on modified cash basis of accounting.
- B. Measurement of cost expiration: Cost expiration or expenses are reported in the statement of activities of most charity organizations, allocation of expenses (including depreciation) and revenues to the appropriate accounting period are common for charity organizations.

3.2.2 Financial reporting to charity organization

According to Tesfaye (2020) stated on his thesis work, the Ethiopian government has issued two proclamations establishment of institution of Accounting and Auditing Board of Ethiopian financial reporting proclamation No 847/2014 with the following objects.

1. To have a uniform financial reporting law enhancing transparency and accountability by centralizing the decentralized financial reporting structures of Ethiopia,
2. To establish a body that undertakes regulatory responsibility in financial reporting and to reduce the financial crisis and negative economic impact. It is necessary to ensure that the previous of financial information meets internationally recognized reporting standards and
3. To establish sound, transparent and understandable financial reporting system applicable to public enterprise.

A significant number of benefits will be gained and challenges expected during the IPSAS implementation process. Beside this, the thesis was done with the aim of assessing IPSAS implementation from the perspective of enhancing accountability and transparency, increase financial reporting quality, increasing the professional capacity and responsibility of workers whose are currently working on sample INGOs.

3.3 Research Design

According to Claire (1962) and Kerlinger (1986), a research design is the conceptual arrangement used by the researcher to structure the research to show how all major parts of the research project work together to address the central research questions or to test a research hypothesis. There are three types of research design: Explanatory study design, descriptive study design and causal study designs (Mugenda, 1999). As we well know, in social science and business research most researchers quite often use a descriptive study design. There are also wide ranges of statistical tests available to analyze the data with available descriptive statistics (Bordens & Abbott, 2011).

The research is a descriptive type, which according to Zikmund et al (2013) tries to portray a picture of a given situation or phenomenon. Accordingly, this research relies on assessing the current condition and stands of foreign charities in relation to the Implementation of IPSAS. Hence, the appropriate research design in this research is descriptive survey. The objective of this study is to investigate the IPSAS implementation practice of foreign charities. This study also employed a descriptive survey research design, which provides insight into understanding of the IPSAS implementation practice of Implementing INGOs currently operating in Ethiopia. The main reason a researcher choosing this study design is that, this thesis work was designed to describe IPSAS implementation practice of sampled INGOs operating in Ethiopia.

The researcher utilized a survey design to collect data for this study. Survey “allows a collection of large amount of data from a sizable population in highly economical way” (Saunders, Lewis, & Thornhill, 2003). Almost all the questions including the Likert-type survey are adapted from other researchers conducted on the same issue in different contexts and few are developed by the researcher. It was used to collect data from finance heads or deputies in 34 selected foreign charities working in Ethiopia. This methodology allowed statistical analysis of the data.

3.4 Study Population

A population is defined as all elements including individuals, objects and events that met the sample criteria for inclusion in the study (Prosper, 2018). Mugenda (2003), explain that the target population should have some observable characteristics, to which the research intends to generalize the result of the study. The participants of this study primarily includes Finance department staffs of a sampled implementing international Non-Governmental organizations, FDRE Authority for civil society organizations (ACSO), Accounting and Audit board of Ethiopia (AABE) technical staffs whose work on IPSAS report review and Independent Auditors whose have experience of Auditing IPSAS based yearly Financial statement of INGOs for triangulation.

The total target population of the study was 34 finance department staffs from 50 INGO’s (1 Finance staff/Organizations) which were active and started implementing IPSAS on their yearly financial report preparation. This study focused on Current status, benefits and challenges of IPSAS implementation in foreign Civil Society Organizations currently operating in Ethiopia. The researcher distributed a questioner for sampled INGOs and facilitated interview with ACSO, AABE and Independent Auditors.

3.5 Sample and sampling techniques:

A sample is an element selected with the intention of finding out something about the total population from which they are taken. Since the target populations of the study area are large, it appears unrealistic to collect data from each target International Non-Governmental Organizations found in the country as far as time, man power capacity and economy of cost concerned. Hence, determining sample size is an important element of every research based on sampling. The sample size is the number of observations taken from a population and the sample size must be adequate to present the population fairly and insure its validity.

Before collecting data, it is important to determine how many samples are needed to perform a reliable analysis and margin of error; confidence level; sampling variability and population size are used as main elements for sample size calculation. According to Noordzij (2011) sorting, there are six factors affecting the sample size of the sample which includes nature of the population, availability of resource, types of sampling method, required degree of accuracy, nature of analysis and factors used for sample size calculation. The sampling technique used to select the study area in this study was census sampling technique.

In addition to the purpose of the study and the population size, the criteria including level of precision, level of confidence or risk and degree of variability in the attributes being measured will be needed to determine the appropriate sample size (Miaoulis and Michener, 1976). For this particular thesis respondents sample size determination, the researcher were used Census sampling.

3.6 Data types and collection

Collection of data refers to a purposive gathering of information relevant to the subject matter of the study from the units under investigation. The task of data collection began after the research problem has been defined and the data collection tools properly formulated. Most argue that employment of multiple tools provides the researcher with a better understanding of the research question and employing several instruments will be helpful for triangulation of the results. The required data were collected using both qualitative and quantitative means and the study mainly relies on both primary and secondary data. To collect the required primary data for this study the researcher were used both Questionnaires and interview. The data collection formats which were drawn from the statement of the problem and the objective of the study were administered to sample respondents.

All respondents or sample implementing INGOs were experienced and involved directly in IPSAS implementation; this is because the information given by those all are reliable. The study populations which were participated on filing questionnaire consisted of a person responsible for financial report preparation (accountants and accounting sector manager) selected from INGOs. The researcher were distributed the survey questionnaires in person with a permission letter to the targeted population or sample organizations operating in Ethiopia. Structured interview schedules were used to collect data from the respondents because individual interviews provide individuals freedom to speak out of their opinion.

Key informant interview were also conducted in order to get more information by selecting some of the respondents purposively. A secondary data were collected from sample INGO's IPSAS based Financial manuals and yearly Financial Reports, IPSAS related published article papers, Agency for civil society organization, Accounting and Audit board of Ethiopia (AABE), from external auditors and International Federation of Accountants (IFAC).

3.7 Validity and Reliability

The validity and reliability of this study were tested using different methods and techniques. In order to ensure this particular thesis data quality; data collection tools were adequately designed and applied to meet the purpose of both quantitative and qualitative data which were used for the study. In line with this, the researcher carefully planned and performed the data collection and gives timely correction by identifying the data collection gaps which were created during data collection and analysis. The qualities of the study were realized using questionnaires, interviews and document analysis. The research instruments were tested for their validity and reliability through pilot testing of questionnaires. Pilot test were conducted with the same INGOs office staffs to validate the content of data gathering tools including questionnaires and interview questions in terms their language, relevancy, accuracy and wording.

3.8 Data analysis techniques

The study were used a descriptive analysis to describe phenomenon which the researcher gives a high attention. The phenomenon in this case is IPSAS implementation practice in implementing INGOs currently operating in Ethiopia. The researcher were described the current status, benefits and challenges resulted from IPSAS implementation on sampled INGOs currently operating in Ethiopia. The response from survey and interview were presented the degree of agreement on the statements related to the research question. This particular study were used both quantitative and qualitative data analysis techniques.

After the data have been collected from a representative sample/population, the next step was analyze them to answer a research questions. This were help the researcher to ensure that the data are accurate, complete, and suitable for further analysis. The study data's which were obtained during the data collection period were analyzed using the data analysis techniques including SPSS V.20 using mean SD and variance and narration analysis to reach on conclusion of the study.

Chapter Four

Data Analysis, Results and Discussion

4.1 Introduction

This chapter is presenting data analysis on the topic of the current status, benefits and challenges of International Public Sector Accounting Standard in INGOs. In this section of the study the researcher tried to make fundamental analysis. The data collected using questionnaire and interview from the respondents were analyzed, triangulated and presented using tables, frequencies and percentages. The data presented in this chapter was collected through questioner and interviews. This study distributed questionnaires for 50 out of this 34 filled and returned which is 68% of a total sample of this study.

4.2 Demography Rate

From the total sampled INGO 71.9% of them were conducted the first time adoption process of IPSAS implementation by recruiting/assigning IPSAS consultants and the remaining others 28.1% INGOs were conducted by using their own finance department Staffs. However, those organizations who conducted the first time adoption of IPSAS by their own staffs were facilitated IPSAS adoption and implementation training to core finance department staffs including Finance officers and Finance Managers. When looking the sampled companies IPSAS Implementation experience, majority (65.6%) of them had 1to 2 years' experience and others 34.4% had 3 to 4 years IPSAS Implementation experience.

From the total sample INGOs (50%) of them have 1 to 5 Finance Department staffs, 40.6% of the have 6 to 10 Finance staff volume and the remaining 6.25% and 3.15% of the organization also has 11 to 15 and 16 to 20 Finance department staffs respectively. Currently due to start of IPSAS Implementation, all sampled INGO were used Accrual Base of Accounting to manage their financial activity of every budget years and to prepare a yearly IPSAS based Financial report which will be distributed or submitted to AABE, ACSO, Ministry of Finance (MoF) and Donors after get audited by external auditors. Majority (78.12%) of the sampled INGO finance system were centralized and 21.88% of other were a decentralized. As the researcher understood from the respondents response IPSAS implementation was simple for those organizations whose have a centralized finance system.

The study tried to find out the sex, age, position, academic background, Educational qualification, working experience, IPSAS Implementation experiences, ways of acquiring IPSAS knowledge, basic financial professional skill and respondents familiarity with AABE and IPSAS based financial reporting proclamation no. 847/2014 were discussed below.

4.2.1 Sex and Age of Rrespondents

Respondents Sex	%
Male	68%
Female	32%
Age in years	%
21-30	6%
31-40	50%
41-50	35%
>50	9%

Table 1 Source: (Survey result, 2022)

Table 1 it shows that the survey had a male response rate of 68% and 32% of female response. The survey had an age of response from 20-30 was 6%, the response age from 31-40 was 50%, the response age from 41-50 was 35% and the response of above 50 years was 9%.

4.2.2 Respondents work Positions and Experience

Majority of the respondent in this study were in higher position and more responsible for the Implementation of IPSAS in INGOs. Most of the respondents have a skill to develop policies and procedures in their organization. The respondent working position was Accountant, Finance Officer and Finance manager respectively.

The respondents work experience is mandatory for every organizations to ensure appropriate and sustainable IPSAS implementation. As table 2 shows 29% of the respondents were well experience and there working experience above 15 years old, 29% of the respondents were working experience between 11 up to 15 years, 38% of the respondents were working experience 5 up to

10 years and the rest 3% of the respondents were less than five years. As per the majority respondent indicates that the respondents had been working in the organization for long number of years. All respondents was exposed for many financial implementation challenges during their year of service in the organizations and they already has experience putting a solution for the challenges. They already know and practiced the previous financial reporting standard GAAP. So, they had a better understanding about how to sustainably IPSAS in the organization. Beside this almost all respondents can develop and modify IPSAS based financial manuals and guidelines for their organization.

Based on the response of the respondents, majority (44%) of respondents were acquired IPSAS implementation knowledge from 1st time adoption process, 38% of them acquired IPSAS knowledge from training participation and the remaining 18% of them got IPSAS implementation from both first time adoption process and from training participation. A respondents IPSAS Implementation work experience were presented on table 6 as below and 32% of the respondents has a working experience less than 2 years and 68% of the respondents were working experience between 2 up to 3 years.

There were no respondents were working experience greater than 3 years. This shows that the respondents were not more experienced and doesn't had enough knowledge about IPSAS implementation. However, as observed from them response made on questioner part of this study almost all respondents were more familiar with IPSAS based financial reporting Proclamation no. 847/2014, had a good commitment to implement IPSAS and can develop/modify IPSAS based financial manuals and guidelines for their organization.

Respondents Work Experience	%
Less than 5 Years	3%
5 to 10 years	38%
11 to 15 years	29%
Above 15 Years	29%

Table 2 Source: (Survey result, 2022)

4.2.4 Educational Background and Qualification

The education/study background of the respondents as shows in below table 3 were 82% studied Accounting and Finance, 15% of respondents studied Business Administration and the remaining other 3% respondents studied Economics and other field of study. From the total 65% of respondents Educational level was MA/MSc and above and 35% of the respondents were BA Degree and no one had a Diploma.

Educational/study background	%
Accounting and Finance	82%
Business administration	15%
Economics and others field of study	3%
Educational Level	%
MA/MSc and above	65%
BA/BSc Degree	35%

Table 3 Source: (Survey result, 2022)

4.3 IPSAS Implementation Practice

The researcher in this part of the study tried to complete the objectives of the study and answer the research questions. In this section, the results are discussed based on the data collected and the analysis were done. The data collected using questionnaires were analyzed through descriptive statistics and frequency distribution analysis. The discussion attempted to accomplish the objectives of the study and answer the research questions which mainly assess the current status, benefits and challenges of IPSAS implementation of foreign charities in Ethiopia.

Now all INGOs those who started implementing IPSAS on their yearly financial reporting tried to follow all IPSAS standards. Starting from 2019 and 2020 the sampled INGOs were started issuing IPSAS based Audited financial report to AABE and ACSO and their office PPE were managed based on the specific IPSAS standards. As per their external Auditors comment, almost all sample INGOs were in a good position in financial reporting but they think as they should work more on

PPE management. This is because their donors PPE management requirement were different from IPSAS requirement and they tried to reconcile it as required.

This section of the study was categorized in to three parts including IPSAS Implementation status, benefits of IPSAS implementation and Challenges of IPSAS Implementation. All the above sections of the study were discussed separately as below.

4.3.1 IPSAS Implementation Practice

A sampled charities of this study were started implementing IPSAS by 2019 and 2020 and hence its first time adoption the implementation process was challenging for them, needs psychological readiness and took a months to issue IPSAS based financial reports. Due to this reason majority of them were outsourced the adoption process and get done by consultants with direct involvement of management and finance department staffs. As the researcher can understand from respondent's responses, the first time adoption process were not easy for their staffs. As respondents said, IPSAS implementation gives extra benefit for the organization but its implementation is very expensive and time consuming, needs accounting profession in order to consistently comply with the standards and needs to understand its detailed process.

The main driving force leads the sampled INGOs to implement IPSAS were the government regulation and the financial reporting requirement/directives issued and various awareness raising events conducted from AABE. As the researcher confirmed, due to donor's requirement a few of them were used accrual base of accounting even before the start of IPSAS. Almost all respondents rate their organization participation at the time of IPSAS adoption process as very good and remarkable. A majority of sampled charities staffs were accepted IPSAS as a policy set by government and are supportive to adhere it. The respondents those who implement IPSAS with the help of consultant confirmed to the researcher as they were worked closely with the external consultant on formulation of IPSAS based financial manual and preparation of a yearly IPSAS based financial statement and in doing so the management was fully cooperative.

All staffs of their organization including management had a good involvement in providing required data and assisting the external consultants. By their response all respondents underlined that, to be successful on IPSAS implementation and to ensure its sustainability every staffs in the organization should work together and this was happened in majority sampled INGOs. Majority of sampled respondent don't think that IPSAS implementation can increase their yearly fund but

they consider it as one qualification or certification in all finance process. They also think that IPSAS implementation has a positive effect for funding but until now there were no evidence supported from any perspective as it has a positive effect for increase funding. IPSAS encourages the implementation of new standards and practices which requires updating staff skills and respondents agreed that as IPSAS is more detail, needs adequate attention for its process, needs more time to understand and its implementation needs more training and practice. As a researcher could understand from the respondents, a few of them don't see any difference between the previous GAAP and IPSAS but the only IPSAS implementation becomes universal and they were not sure about the benefit of IPSAS implementation. But as majority respondents tried to compare IPSAS with GAAP, difference is that IPSAS implementation gives more attention for fixed asset consideration than GGAP.

There are some activities which were get done by sampled respondents before starting the first time adoption IPSAS includes hold communication with the head quarter, hiring consultants, work closely with consultants, preparing IPSAS implementation road map, arrange meeting with management and staffs to give awareness about IPSAS, facilitate IPSAS implementation training for both finance and non-finance department staffs, facilitate experience sharing programs with other Organization staffs those who started implementing IPSAS before, identifying the gap between the previous GAAP system and IPSAS, PPE valuation, setting fixed Asset threshold and useful life, calculating depreciation, calculate annual leave and severance payment, data clearing and prepare adjustment and finally preparing IPSAS based financial manual which will be used to prepare a yearly IPSAS based financial report.

The extension of the deadline were done by ABBE and ACSO and INGOs were considered this transition period as a learning period. However the awareness raising about IPSAS standard were not done by both AABE and ACSO and IPSAS implementation benefit were not well defined due to this the sample respondents could not fully understand its importance rather than its obligatory nature. When seeing the current status of IPSAS implementation and as majority of the respondents agreed there are limiting factors that will challenge IPSAS implementation sustainability which includes lack of trained finance staffs on IPSAS, low awareness creation made by AABE and ACSO, low participation of education and public media sectors, lack of continuous support from AABE and lack of understanding by managers and non-finance staffs.

4.3.2 Benefit of IPSAS Implementation

To know the main benefits that the organization gained from the start of IPSAS implementation, the researcher tried to distribute questionnaires. Most respondents believe that the implementation of IPSAS can solve serious problems in public sector accounting, providing an improved quality of accounting information. The tables below Indicate the responses on the extent to which respondents agreed with the given statements concerning benefits from IPSAS implementation: for Organization and Management, donors and regulatory bodies including AABE and ACSO and to Beneficiaries or Project Target.

The study tried to determine the whether the implementation of IPSASs will give a benefit for the management of foreign charities. From the below table, respondents were strongly agreed that the IPSAS implementation improves the quality of financial statement information for INGOs, and increase understandability of financial report with mean of 4.47.

The majority of the respondents agreed that IPSAS implementation facilitates to recognize or disclose financial transactions either in financial statements or in its notes, improves charities asset management through recognition, measurement, valuation and reporting, improve consistency and comparability of financial report of organizations and create alignment with best Accounting practices, provide better information for top managements to make a decision and create a clear picture of liabilities, future assets and cash flow needs in the future, improve decision making due to availability of accurate, timely, relevant and reliable financial information, promote better financial transparency in terms of Financial report quality and more about financial transactions, increase credibility of charities towards all stakeholders and improves overall management and planning of income and expenditure and improves internal control system over the receipts and disbursement of cash resource with mean of 4.41, 4.41, 4.35, 4.26, 4.20, 4.17, 4.17 and 4.14 respectively.

Still, respondents were agreed that the IPSAS implementation significantly increase effectiveness of carrying out activities to fulfill the organization's mission, respecting donor intent, and using good governance practice and facilitates the flow of aid and assistance from domestic and foreign organizations and Increase funding opportunity due to increase transparency and acceptance with mean of 3.91 and 3.55 respectively.

IPSAS benefits to Organizations & Management	No	Mean	Std. Deviation	Variance
Implementation of IPSAS increase credibility of charities towards all stakeholders and improves overall management and planning of income and expenditure to organizations	34	4.1765	.75761	.574
IPSAS has significantly increased effectiveness of carrying out activities to fulfill the organization's mission, respecting donor intent, and using good governance practice	34	3.9118	.93315	.871
IPSAS Implementation improves internal control system over the receipts and disbursement of cash resource.	34	4.1471	.85749	.735
IPSAS facilitates the flow of aid and assistance from domestic and foreign organizations and Increase funding opportunity due to increase transparency and acceptance.	34	3.5588	.85957	.739
IPSAS promotes better financial transparency (in terms of report quality and more about financial transactions)	34	4.1765	.79661	.635
IPSAS Improves the quality of financial statement information for INGOs, increase understandability of Financial report.	34	4.4706	.70648	.499
IPSAS improve consistency and comparability of financial report of organizations and create alignment with best Accounting practices.	34	4.3529	.81212	.660
IPSAS Implementation in INGOs facilitates to recognize or disclose financial transactions either in financial statements or in its notes.	34	4.4118	.70141	.492
IPSASs has improved INGOs Asset management through recognition, measurement, valuation and reporting	34	4.4118	.65679	.431
Application of IPSASs improves decision making due to availability of accurate, timely, relevant and reliable financial information	34	4.2059	.80827	.653
IPSAS Provide better information for top managements to make a decision to create a clear picture of liabilities, future assets and cash flow needs in the future	34	4.2647	.79043	.625

Table 4 Source: (Survey result, 2022)

In the general view of respondents, it shows that the implementation of IPSASs provide a benefit for management of foreign charity organizations working in Ethiopia. Based on the respondents response, due to the start of IPSAS implementation INGOs could improve their organization internal control, enhance their financial transparency, improve the quality and completeness of their yearly financial statement and helps to increase a flow of funds from donors. This also shows that IPSAS implementation has provide a benefit for the organization and management for making resource based decision. Not only this the management were use this IPSAS standard for better resource management including current assets like supplies, inventories and account receivables and Fixed asset management including Building, Vehicles, Equipment's and machineries.

As the researcher confirmed from respondents the finance staffs including finance managers are truly responsible to close the organization book using IPSAS after the consultants finalized the first time adoption process and commence its implementation. The main roles and responsibilities expected from them are facilitate a training for finance department staffs, preparing IPSAS based annual financial report, understand the requirement and reconcile a financial reports with IPSAS, follow-up and review of financial reports, managing the organization resource as per IPSAS requirement, trying to implement each standards, recording and analyzing financial data, leading the IPSAS implementation, facilitate a yearly books audit which were done by external auditors and communicate the report to stakeholders, AABE and ACSO. Since IPSAS is a new concept and new ways of working the respondents think that to be devoted to learn, to be accurate and refining a report year to year.

As indicated on sampled respondents response, the main advantages which resulted from IPSAS implementation includes the standards is used consistently throughout the year and create the options to get appropriate information from the system, helps to manage employ benefits, helpful to produce a quality financial report, applied for fair presentation of the organizations PPE values, enhance transparency and accountability, used show a financial progress and position of organization and gives a knowledge of financial management. The respondents of the study also explained that their attitude of using IPSAS for their organization yearly financial report preparation. Majority (62%) of respondents has moderately favorable attitude, 38% of them had highly favorable attitude and none of them has a low favorable attitude. Respondents were explained their organization finance department staff's level of awareness, knowledge and understanding of IPSAS implementation, 65% of respondents had a moderate awareness and the

remaining 35% were has very good awareness, knowledge and understanding about IPSAS implementation. They also reason out for moderate awareness result i.e because IPSAS implementation needs more exercise and training continuously to adopt the progressive changes in using the system. As the researcher generalized based on the respondents response, AABE, ACSO and government universities gives moderate emphasis to IPSAS implementation practice and not much active as expected. Regarding this point as far as sampled respondent's knowledge the institutions which gives training are A.A University / College and a few private consultants. So they believe that it has to be given by all private and State universities in the country.

IPSAS implementation increases their understanding of overall organizational financial health and to recognize fixed asset items which were treated as direct expense before. It creates a better view on the financial sustainability, asset management, financial planning and transparency to a wider population who does have a stake. IPSAS implementation helped their organization to prepare and issue a quality financial report for their donor and regulatory bodies. IPSAS implementation helped them all to be more comprehensive and to be standardized in all aspects of finance activities and report.

IPSAS implementation avoids a multiple reporting templates those comes from various Auditors and to increase transparency and acceptance of organizations by donors, AABE and ACSO. IPSAS helps them to meet the government requirement due to fully implementing standards, able to manage PPE properly, having a good documentation and better information about their Organization financial progress and position, recording payables and receivables, managing employee benefits including (severance and annual leave payment) and allows to utilize resource effectively and efficiently were considered by sampled respondents as main benefit of IPSAS implementation.

As the researcher reviewed, the main benefit gained from Accrual basis IPSAS implementations includes improved asset management, improved credibility and transparency of information provided in the financial reports and improved decision-making process. The study findings recognized that majority of the respondents agreed that adoption of IPSASs improve disclosure and measurement of financial elements. Thus full disclosure becomes very important for transparency of foreign charities working in the country.

IPSAS benefits to Donors & Regulatory bodies AABE & ACSO	No	Mean	Std. Deviation	Variance
IPSAS promotes charities due to better transparency, accountability, credibility and validity of financial report and build a confidence donors.	34	4.2941	.79884	.638
IPSAS Increase credibility of financial report to get acceptance by Legal entities like by AABE and ACSO)	34	4.3824	.73915	.546
Implementation of IPSAS increase the control of AABE and ACSO and help them in assessing proper use of public resources	34	4.2353	.81868	.670
The implementation of IPSAS results in improved financial reports, allows to provide more meaningful information to users of its financial statements including Donors, AABE and ACSO	34	4.3824	.55129	.304
IPSAS Promote standardization and make available comprehensive information as needed about financial and non-financial resources.	34	4.2059	.72944	.532
IPSASs improve disclosure and hence present true and fair financial position of charities for both AABE and ACSO.	34	4.3824	.60376	.365
Information prepared in accordance with IPSAS can a basis for evaluating Charities performance in terms meeting public requirements, monitoring program with their budget	34	4.1176	.80772	.652

Table 5 Source: (Survey result, 2022)

The study wanted to know the extent to which the respondents agreed on the given statements that relate to donors and regulatory bodies including AABE and ACSO. The researcher tried to determine the whether the implementation of IPSASs were provided a benefit for regulatory bodies including AABE and ACSO.

The above table indicates that most of the respondents agreed that implementation of IPSASs Increase credibility of financial report and get acceptance by Legal entities including AABE and ACSO, improve disclosure and hence present true and fair financial position of the organization and allows to provide more meaningful information to users of its financial statements including

Donors, AABE and ACSO with mean of 4.38. The remaining others also agreed that IPSAS promotes charities due to better transparency, accountability, credibility and validity of financial report and build a confidence donors, increase the control of AABE and ACSO and help them in assessing proper use of public resources, Promote standardization and make available comprehensive information as needed about financial and non-financial resources and information prepared in accordance with IPSAS can a basis for evaluating Charities performance in terms meeting public requirements, monitoring program with their budget should be utilized with mean of 4.29, 4.23, 4.20 and 4.11 respectively.

This shows that the implementation of IPSASs increase credibility of Civic society organizations financial report and get acceptance by regulatory bodies, allows to provide more meaningful information to users of its financial statements including Donors, AABE and ACSO and promote charities due to better transparency, accountability, credibility and validity of financial report and build a confidence donors. More than half sampled respondents agreed and believe AABE has supported them before and at first time adoption. But they also emphasize that they didn't get any technical support from ACSO and private Universities as expected from both. Especially AABE and Government Universities are proactive in giving training and support whenever necessary.

A few others were not sure on AABE and ACSO capacity of providing support in this regards and they haven't received adequate support from both rather than giving approval on provided IPSAS based financial report. To strength their argument they said at the startup time AABE actually gives more training but after some years the follow-up and upgrading of organizations capacity is not as previous years. As majority respondent suggested to ensure IPSAS implementation sustainability, the concepts of IPSAS should be included under educational curriculums especially on business course/field of study and all stakeholders should be participated on it. Based on all respondents' response, all their external auditors were familiar with the concept of the new standards of IPSAS.

The result of this questionnaire shows that Implementation of IPSAS increased the control of AABE, ACSO and donors because each financial statement is supported by notes which is clearly explained and can help them all in assessing proper use of public resources. But others few respondents agreed on that AABE and ACSO has a limitation on controlling and reviewing the report and also they indicated that their organizations donors have their own requirements and implementation of IPSAS were not matter them.

The below Table 6 shows the benefits of implementing IPSAS in foreign charities working in the country for Beneficiaries or project targets. The study requested the respondents to indicate the extent to which they agreed with IPSAS benefit for Beneficiaries or project targets after its implementation in their Organization. All respondents were positive and confident that IPSAS implementation provide benefit for Beneficiaries or project targets with mean ranging 4.14-3.85 respectively.

Majority of respondents agreed that a financial report prepared under IPSAS used to demonstrate, and users to evaluate, accountability for the use of public funds with mean of and provides a clearer indication of how financial resources have been used in a given period and create improved capacity to charities to measure costs with the mean of 4.14 and 4.00 respectively.

IPSAS benefit to Beneficiaries/Project targets/	No	Mean	Std. Deviation	Variance
Financial report prepared under IPSAS used to demonstrate, and users to evaluate, accountability for the use of public funds.	34	4.1471	.78363	.614
IPSAS provides a clearer indication of how financial resources have been used in a given period and create improved capacity to charities to measure costs	34	4.0000	.77850	.606
IPSAS increase effectiveness and efficiency, proper utilization of public resources and can minimize illegal activities specially frauds in Charity organizations	34	3.8529	.78363	.614
IPSAS implementation Strengthen the support for results-based management through provision of comprehensive cost and provide clear information to Beneficiaries	34	3.8824	.76929	.592

Table 6 Source: (Survey result, 2022)

Still, the respondents were agreed that implementation of IPSAS increase effectiveness and efficiency, proper utilization of public resources and can minimize illegal activities specially frauds in Charity organizations and Strengthen the support for results-based management through provision of comprehensive cost and provide clear information to Beneficiaries with the mean of 3.88 and 3.85 respectively. Concerning the analysis, it clear that most of the respondents were understood that implementation of IPSAS by foreign charity organizations working in Ethiopia provides a benefit of their project targets or beneficiaries.

4.3.3 Challenges of IPSAS Implementation

Majority (68%) of INGO started IPSAS implementation for their yearly financial report preparation starting from 2018 and 2019 and a few others 32% started its implementation by 2020. As they said the first time adoption process was very challenging to them because IPSAS was a new concept for their organization particularly for finance department staffs. IPSAS Implementation required high Accounting profession, more time and as its implementation becomes very expensive. Based on the response of respondents their organization current status of IPSAS implementation on a yearly IPSAS based financial report preparation and PPE management is so very remarkable and promising. There are main challenges that INGOs faced during IPSAS adoption and its implementation on their yearly financial report preparation.

The main challenge of IPSAS implementation was not able to outsource the first time adoption service due to inflated cost of consultants. Some other challenges are low management attitude about the system, Lack of proper PPE register and documentation specially to find their purchase cost at the time of IPSAS adoption, fixing a fixed asset threshold, Lack of a good documentation specifically on PPE and Inventory management, lack adequate and practically skilled trainers, valuation of fixed assets, lack of understanding all IPSAS standards and lack of experience and adequate training. IPSAS standard includes unnecessary complication and some of it may not add value but it should be easy and user friendly. The other challenges of IPSAS implementation are yearly valuation of PPE, maintaining and tracking records of employees benefit and having proper records of inventory costs of all assets in use. IPSAS implementation needs proper system, resource including skilled staffs, finance and time due to this it becomes a big challenge. As respondents said that to minimize the IPSAS Implementation challenges the target of the IPSAS implementation system were explained for those both finance and non-finance staffs.

Majority of the sampled INGOs now ready to prepare their organization yearly IPSAS based financial report for the third time by their own staffs. For the last two years including the first time adoption they were prepared their Organization yearly IPSAS based annual financial report with a close supervision of their external consultants. Somehow a few of them were still in challenge because they don't have a full understanding of IPSAS on Fixed Assets valuation, Lease payment recognition, employ benefit calculation and generally on a financial report preparation.

The present study attempts to determine whether the awareness have challenged IPSAS implementation in INGOs. Accordingly, most of the respondents were agreed that IPSAS implementation was challenging due to a few experience in implementing IPSAS and lack of full understanding of the issues involved on IPSAS based reporting, lack understanding IPSAS, shortage of detailed IPSAS practical guideline provided from regulatory bodies including from AABE and ACSO and poor means of communication on awareness creation about IPSAS and Lack of focused training to relevant staff on IPSASs with mean of 4.26, 4.08 and 4.05 respectively.

IPSAS Challenges - relating to Awareness	No	Mean	Std. Deviation	Variance
Lack understanding IPSAS, shortage of detailed IPSAS practical guideline provided from regulatory bodies (AABE & ACSO)	34	4.0882	.75348	.568
Few experience in implementing IPSAS and lack of full understanding of the issues involved on IPSAS based reporting	34	4.2647	.66555	.443
The Application of IPSAS requires a high level of competence, and expertise to be able to understand, interpret and make use of the standards to each year financial reporting	34	3.8824	.84440	.713
Poor means of communication on awareness creation about IPSAS and Lack of focused training to relevant staff on IPSASs.	34	4.0588	.73613	.542
Lack of coordination among ACSO, AABE, INGOs, Audit firms, in insuring compliance with IPSAS	34	3.9412	.73613	.542

Table 7 Source: (Survey result, 2022)

The remaining responders also agreed that application of IPSAS requires a high level of competence, and expertise to be able to understand, interpret and make use of the standards to each year financial reporting and there is lack of coordination among ACSO, AABEE, INGOs, Audit firms in insuring compliance with IPSAS with mean of 3.88 and 3.94 respectively. This shows that there is lack understanding on IPSAS, lack of focused training to relevant staff on IPSAS and lack of full understanding of the issues involved on IPSAS based financial reporting. The study concludes that additional tasks are more demanding in terms of time and resources to implement IPSAS and there is shortage of detailed practical guideline provided from regulatory bodies.

When responding whether technical and administrative aspects challenged IPSAS implementation in INGOs, from the findings in the table above, the respondents were agreed on that IPSAS implementation was challenged by increased administrative cost, compliance cost and other IPSAS implementation cost including cost of additional staffs, training cost, advisory, external audit and evaluation cost with mean of 4.32.

Most of the respondents were agreed that there is a shortage of local expertise with IPSAS training and now challenging to implement IPSAS in the country Ethiopia, problem of using fair value in comparison to historical cost method during evaluation process of assets, lack of qualified Accountant and Shortage of the necessary internal technical expertise on IPSAS in the organization and lack of proper direction and focus from top management affects the successful implementation of IPSAS with mean of 3.85-3.50.

IPSAS Challenges - relating to Technical	No	Mean	Std. Deviation	Variance
Increase administrative cost, compliance cost and other IPSAS implementation cost (cost of additional staffs, training cost, advisory, external audit and evaluation cost)	34	4.3235	.87803	.771
There is a shortage of local expertise with IPSAS training and now challenging to implement IPSAS in the country Ethiopia	34	3.8529	1.13170	1.281
Lack of qualified Accountant and Shortage of the necessary internal technical expertise on IPSAS in the organization	34	3.6471	.91725	.841
Some charities accounting issues are not addressed in IPSAS and problem of presenting budget data in the financial statements	34	3.6176	.88813	.789
Problem of using fair value in comparison to historical cost method during evaluation process of assets	34	3.8235	1.02899	1.059
The IPSAS training provided by trainers was not providing enough skill to understand essential knowledge about IPSAS.	34	3.5000	1.02247	1.045
The Accounting Software used by CSO's including Peachtree are not adequate and appropriate for IPSAS reporting	34	3.3235	1.06517	1.135
Lack of proper direction and lack of focus from top management affects the successful implementation of IPSASs.	34	3.5000	.86164	.742

Table 8 Source: (Survey result, 2022)

Still, respondents agreed that some Civic society organizations accounting issues are not addressed in IPSAS and problem of presenting budget data in the financial statements, IPSAS training provided by trainers was not providing enough skill to understand essential knowledge about IPSAS and the Accounting Software used by charities including SAP and Peachtree are not adequate and appropriate for IPSAS reporting with mean of 3.61, 3.50 and 3.32 respectively.

This shows that increased administrative cost, compliance cost and other IPSAS implementation cost including cost of additional staffs, training cost, advisory, external audit and evaluation cost were considered as technical challenges. Furthermore, shortage of local expertise with IPSAS training, lack of qualified Accountant, Shortage of the necessary internal technical expertise on IPSAS and lack of focus from top management were considered as a challenge.

IPSAS Challenges - relating to Legal	No	Mean	Std. Deviation	Variance
IPSAS application cost is too high compared with benefits enjoyed & requires more resources to be in line with diverse standards	34	3.4412	1.07847	1.163
Create a conflicting situation between charities and both ACSO and AABE (e.g operational and administrative cost category 80/20 rule)	34	3.0588	1.20457	1.451
Lack of an in-depth analysis of gaps between existing financial reporting and the requirements of IPSAS Standard	34	3.2941	.97014	.941
IPSAS implementation adversely affected management culture and donors did not fully cover its operation costs.	34	3.1176	1.03762	1.077
IPSAS give a permission to make even minor adjustments to accounting records on each year reporting	34	2.2941	.90552	.820
Delay in amendment IPSAS from AABE and ACSO requirement were not allows Foreign Charities to transit smoothly to IPSAS.	34	2.9412	.98292	.966
IPSAS is agreed with the proclamation 847/2014) of Ethiopian law and no shortage of IPSAS clear guideline	34	2.9118	.93315	.871

Table 9 Source: (Survey result, 2022)

The study sought to know the extent to which the respondents agreed on the given statements on legal challenges that affects INGOs IPSAS implementation. All respondents agreed that IPSAS requirement for increased disclosure in accounting reports increases the level of accountability in foreign charities working in the country. As shows on above table, the respondents were agreed that IPSAS application cost is too high compared with benefits enjoyed & requires more resources to be in line with diverse standards and there is lack of an in-depth analysis of gaps between existing financial reporting and the requirements of IPSAS Standard with mean of 3.44 and 3.29 respectively. The respondents also were neutral that implementation of IPSAS adversely affect management culture and its implementation create a conflicting situation between charities and both ACSO and AABE on operational and administrative cost category 80/20 rule with mean of 3.11 and 3.05 respectively.

Still, respondents were neutral that delay in amendment IPSAS from AABE and ACSO requirement were not allows Foreign Charities to transit smoothly and IPSAS is agreed with the proclamation 847/2014) of Ethiopian law and no shortage of IPSAS clear guideline with mean 2.94 and 2.91 respectively. However, respondents disagreed that IPSAS gives a permission to make even minor adjustments to accounting records on each year reporting with mean of 2.29. This shows that there is no significant shortage of IPSAS clear guideline and a limitation of giving a permission to make even minor adjustments to accounting records on each year reporting.

Majority organizations were not faced a major challenges because the main activities like payable and receivable record, fixed asset recognition and calculate a depreciation for them were done yearly even before they implement IPSAS. All sampled respondents agreed that IPSAS can help them to be well organized, to have a good documentation and adequate information and to be stronger on the management of fixed asset than before. Implementing IPSAS by sampled organization could helped them to establish effective capturing and follow up procedure, maintain system to measured and recognize donation in kind and in service, to record inventory appropriately, to manage PPE properly than before and etc.

Some of them were not sure about the effectiveness IPSAS and a yearly IPSAS based financial report preparation needs more time and capacity when comparing with GAAP. In the beginning IPSAS implementation has a workload and time taking activities including familiarizing with the standards to create resistance and now it becomes very understandable and simple concept. They accepted that it is good to learn a new Accounting standard and eager to explore a new way of

working. A few sampled INGOs implement IPSAS by their own staffs. All respondents agreed on that IPSAS implementation is very detail and needs a good educational background, progressive working experience, more time and continuous training to improve the staff's professional caliber.

Based on the respondent's response, the disadvantage includes the need for proper system, procedure, high Audit fee, skilled manpower and takes much time when compared with GAAP. Some of the sampled INGOs were challenged by the following activities including lease recognition, PPE registration and valuation, amortization process and service in kind recognition. Lack of staff's confidence because of knowledge and experience gap about the practice and implementation of IPSAS were considered as a challenge that the sample INGOs confronted during IPSAS implementation. As sampled respondents confirmed their finance and non-finance department staffs view on IPSAS implementation were good and they think as the implementation was helpful for their organizations and themselves.

As IPSAS implementers and regulatory bodies agreed, Accrual IPSAS bring accountability and transparency and plays a vital role in reforming public administration in its institutions, leadership, or engaging an organization to be ethical in conducting its financial affairs. It allow for comparability of the Charities financial statement with other Organizations. In addition, it builds integrity and restores trust in the system which is very significant and it is an element of good governance. Furthermore, if accrual IPSAS is used in the preparation of the INGOs financial statement, the reporting standard were based on the international best practice. Based on their response, provision for funding of IPSAS training is the required thing and charged with the responsibilities of preparing the accounts in order to sustain, maintain and enhanced the credibility of financial statements in the public entities. This as a result, will add efficiency to the performance of these personnel.

Furthermore, adequate fund is needed for the purchase of information communication technology tools and other software necessary for IPSAS implementation. Majority sampled INGOs tried to involve all department staffs to know and easily understand the new IPSAS system. A few sampled respondents agreed that IPSAS implementation was not much expensive and less challenging due to this they could work the first time adoption by using their own finance department staffs. ACSO, AABE and External audit firms accepted that as there is training gap and weak assistant and monitoring of IPSAS implementation. The main findings which related with the specific objectives of this study were discussed in the next chapter.

Chapter Five

Summary of Findings, Conclusion and Recommendations

5.1 Introduction

This chapter presents the summary of the data analysis made in the previous chapter and gives conclusions and recommendations of the research based on the findings obtained and interpreted from the data collected. The main objective of this study was to identify the current status, benefit and challenge of IPSAS implementation in Ethiopia. Data relating to the study objectives was analyzed and triangulated with various angles and the findings were also presented as below.

5.2 Summary of Key Findings

All sampled charities were started implementing IPSAS by 2019 and 2020 and hence its first time adoption process was challenged them, needs psychological readiness and took a months to issue IPSAS based financial reports. All respondents Educational level was BA degree and above. These shows that Finance activities and knowledge of IPSAS were not more difficult for them. And also all of them was more familiar with IPSAS based financial reporting Proclamation no. 847/2014 and have commitment to use IPSAS and review IPSAS based financial manuals and guidelines for their organization. Majority respondents agreed that IPSAS is more suited for charities to address their specific issues like PPE management, recognize fixed assets which were treated as direct expense before, employ benefit calculation, inventory control, receivable and payable control.

Implementing IPSAS helped them to establish effective follow up procedure, maintain system to measured and recognize donation in kind and in service, to record inventory appropriately, to manage PPE properly than before and etc. All agreed that IPSAS is more detail and needs a good educational background, progressive working experience, more time and more training to improve the staff's professional caliber. The study findings established that majority of respondents were don't agreed that IPSAS implementation increased their yearly fund but considered it as one qualification or certification in all finance process.

As all respondents confirmed that IPSAS increased their understanding of overall financial health and creates better view asset management and transparency to a wider population who does have a stake. IPSAS helped their organization to prepare and issue a quality financial report for

regulatory bodies and to be standardized in all aspects of finance activities and report. IPSAS avoids a multiple reporting templates comes from various users and used to increase transparency and acceptance by donors, AABE and ACSO. IPSAS created reasonable conflicting situation between charities and regulatory bodies regarding with operational and administrative cost category of 80/20 rule.

As the researcher reviewed, the main benefit gained from Accrual basis IPSAS implementations includes improved asset management, improved credibility and transparency of information provided in the financial reports and improved decision-making process. The study findings recognized that majority of the respondents agreed that adoption of IPSASs improve disclosure and measurement of financial elements. Thus, full disclosure becomes very important for transparency of foreign charities working in the country. Implementation of IPSASs increase credibility of charities financial report and get acceptance by regulatory bodies, allows to provide more meaningful information to users of its financial statements including Donors, AABE and ACSO and promote charities due to better transparency, accountability, credibility and validity of financial report and build a confidence donors.

Respondents were strongly agreed that the IPSAS implementation improves the quality of financial statement information for INGOs, increase understandability of financial report. Most respondents believe that the implementation of IPSAS can solve serious problems in public sector accounting, providing an improved quality of accounting information. Most of the respondents were understood that implementation of IPSAS by foreign charity organizations working in Ethiopia provides a benefit of their project targets or beneficiaries.

The main challenges of IPSAS implementation includes lack of adequate technical expertise, lack of budget to facilitate training for staffs, lack of coordination and communication, lack of readiness of government bodies for monitoring IPSAS implementation in public sectors. Furthermore, shortage of local expertise with IPSAS training, lack of qualified Accountant, shortage of the necessary internal technical expertise on IPSAS and lack of focus from top management were considered as a challenge. Considering the above all findings, the researcher tried to prepare a conclusion and recommendation for this particular study as below.

5.3 Conclusion

IPSAS is a new concept in Ethiopia and having the required technical expertise. This study assessed the current status, resulted benefits and challenges of IPSAS implementation in foreign charities operating in Ethiopia. IPSAS presents several benefits, transparency and accountability being the main ones. In addition to these benefits: enhanced internal control, employ benefit calculation, comparability, understandability and credibility leads to better resource management, better interpretation and acceptability of the financial report by the concerned bodies. IPSAS implementation also facilitates a way to be well organized and to be stronger on management of fixed asset than before, to establish effective follow up procedure, to measured and recognize donation in kind and in service and to record inventory appropriately. This does not mean that IPSAS is free from challenges. It requires high level of competencies and additional tasks for preparing and maintaining financial records.

IPSAS is more suited for charities to address their specific issues their staffs were more familiar with the financial reporting Proclamation no. 847/2014 and have a good commitment to implement it. The Charities those who involved in this study were started implementing IPSAS from 2019 and hence its first time adoption its process was challenged them, needs psychological readiness and took a months to issue IPSAS based financial reports. For the last two years including the first time adoption, they were prepared their yearly IPSAS based financial report.

IPSAS is more detailed and needs a good educational background, progressive working experience, more time and more training to improve the staff's professional caliber. As the confirmed from the respondents, finance managers of a sample organizations are truly responsible to close the organization book using IPSAS after the consultants finalized the first time adoption process and commence its implementation. The main driving force leads the sampled INGOs to implement was the financial reporting requirement issued from AABE.

IPSAS increased their understanding of overall financial health and creates better view asset management and transparency to a wider population who does have a stake. IPSAS also avoids a multiple reporting templates comes from various users and used to increase transparency and acceptance by donors, AABE and ACSO. The findings show that IPSAS implementation increased credibility towards all stakeholders, improves overall management and planning of income and expenditure in their organizations and improved their internal control system over the receipts and disbursement of cash resource.

Implementation of IPSAS provided better information for top managements to improve their decision making due to availability of timely, relevant and reliable financial information, create a clear picture of liabilities, future assets and cash flow needs in the future and facilitate options to recognize or disclose transactions either in financial statements or in its notes. Its implementation increased the control of AABE, ACSO and donors and helps them all in assessing proper use of public resources. IPSAS implementation allowed providing more meaningful information to users of their yearly financial statements including AABE, ACSO and donors. Moreover, the finding reveals that IPSAS provided a clearer indication of how financial resources have been used in a given period and create improved capacity to INGOs to measure costs.

5.4 Recommendations

This study was focused on the current status, benefits and challenge of IPSAS implementation in charity organization in Ethiopia. The study findings do have practical policy implications for the appropriate implementation of IPSAS on Charity Organizations. Easy access to IPSAS training service is one of the policy options that can be implemented to enhance IPSAS implementers, External Auditors and controllers including AABE and ACSO. In addition to this, AABE, ACSO, NGO and External Audit Service providers should provide IPSAS training for their staffs to accelerate and maximize the benefit gained from IPSAS implementation.

The study finding implies that, the Government body (AABE and ACSO) needs to work with Ministry of Education to include IPSAS implementation concept as one course in every business fields of studies because, facilitating IPSAS implementation training program is the most preferable and informed policy option to increase the knowledge of using it as required. As far as coordination is concerned, more coordination and communication is expected from ACSO, AABEE, INGOs and Audit firms to ensure compliance with IPSAS.

The findings of this study assumed to be practical for others INGO those who needs start IPSAS implementation and helpful to know INGOs attitude regarding with IPSAS implementation and to share the best experiences of using their skill and knowledge to prepare a yearly IPSAS based Financial Report for audit purpose. I suggest that, to enhance IPSAS implementation, both researchers and policy makers should target on testing the performance of the implementers and controllers. Further study shall be conducted in other INGO and LNGO to examine the benefit and challenges of using IPSAS on their organization.

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Table 10. List of Sample

S. No.	Name of Civil Society Organization's	Sampled Organization Head Office Address
1	ADAMS THERMAL SYSTEMS FOUNDATION ETHIOPIA LLC.	ADDIS ABABA, W# Nefassilk Lafto Subcity K# , H# new,
2	ADEVNTIST DEVELOPMENT AND RELIEF AGENCY(ADRA)	ADDIS ABABA, W# Kirkos Subcity K# 15, H# 373,
3	ALMAKTOUM FOUNDATION	ADDIS ABABA, W# Yeka Subcity K# , H# ,
4	AMERICAN INTERNATIONAL HEALTH ALLANCE INCORPORATION	ADDIS ABABA, W# Bole Subcity K# 02, H# New,
5	Population Service International /PSI	Bole Sub City, Kebelle 03/07, Namibia Street, Addis Ababa.
6	CHILD FUND ETHIOPIA	ADDIS ABABA, W# Bole Subcity K# 03, H# 2310,
7	CHILDREN'S HOPE CHEST	ADDIS ABABA, W# Nefassilk Lafto Subcity K# 03, H# 2199,
8	CHURCH OF CHRIST DEVELOPMENT PROGRAMME	ADDIS ABABA, W# Nefassilk Lafto Subcity K# 03, H# 793,
9	CURE INTRNATIONAL INC	ADDIS ABABA, W# Gullele Subcity K# 01/02, H# ,
10	DAN CHURCH AID	ADDIS ABABA, W# Kirkos Subcity K# 02, H# b129-11,
11	DIGITAL GREEN FOUNDATION	ADDIS ABABA, W# Yeka Subcity K# WARET BULDING, H# 934/01,
12	DIRECT AID	ADDIS ABABA, W# Bole Subcity K# 14, H# New,
13	FARM RADIO INTERNATIONAL ETHIOPIA	ADDIS ABABA, W# Bole Subcity
14	GERMEN FOUNDATION FOR WORLD POPULATION(DSW)	ADDIS ABABA, W# Bole Sub-city K# 13, H# Holy City center,
15	HEALING HANDS OF JOY	ADDIS ABABA, W# Bole Subcity K# , H# new,
16	HUMEDICA E.V	ADDIS ABABA, W# Nefassilk Lafto Subcity K# 03, H# 047,
17	IMAGINE 1 DAY INTERNATIONAL ORGANIZATION	ADDIS ABABA, W# Kirkos Subcity K# 02/03, H# 520,
18	INICIATIVE PROINFANCIA	ADDIS ABABA, W# Kirkos Subcity K# , H# 498,
19	INSTITUTE OF INTERNATIONAL EDUCATION INC	ADDIS ABABA, W# Kirkos Subcity K# 03, H# 286/18,
20	INTERNATIONAL DEVELOPMENT ENTERPRISES(IDE)	ADDIS ABABA, W# Kirkos Subcity K# 08, H# 429,
21	INTERNATIONAL INSTITUTE OF RURAL RECONSTRUCTION(IIRR)	ADDIS ABABA, W# Nefassilk Lafto Subcity K# --, H# New,

22	INTERNATIONAL ORTHODOX CHRISTIAN CHARITIES(IOCC)	ADDIS ABABA, W# Yeka Subcity K# 11/12, H# new,
23	JOHNS HOPKINS PROGRAM FOR INT. EDUCATION IN GYNECOLOGY AND OBSTETRICS (JHPIEGO)	ADDIS ABABA, W# Kirkos Subcity K# 02/03, H# 693,
24	JSI RESEARCH & TRAINING INSTITUTE,INC.	ADDIS ABABA, W# Bole Subcity K# 03/05, H# 221,
25	ORBIS INTERNATIONAL	ADDIS ABABA, W# Yeka Subcity K# 13, H# New Rebecca BU,
26	International Medical crop	ADDIS ABABA, W# Kirkos Subcity K# 08, H# new,
27	Institute for health care empowerment	ADDIS ABABA, W# Kirkos Subcity K# 08, H# new,
28	RIGHT TO PLAY	ADDIS ABABA, W# Kirkos Subcity K# , H# 139,
29	SIDDARTHA DEVELOPMENT ETHIOPIA	ADDIS ABABA, W# Arada Subcity K# , H# 245,
30	SPORT THE BRIDGE	ADDIS ABABA, W# Gullele Subcity K# --, H# 802,
31	TECHNOSERVE INC	ADDIS ABABA, W# Yeka Subcity K# 11/12, H# New,
32	THE CARTER CENTER ETHIOPIA	ADDIS ABABA, W# Bole Subcity K# 03, H# 2357,
33	UNITED STATES PHARMACOPEIAL CONVENTION	ADDIS ABABA, W# Bole Subcity K# 03/05, H# 784,
34	VETERINAIRES SANS FRONTIERES GERMAY/VSF-GERMANY/	ADDIS ABABA, W# Yeka Subcity K# 11/12, H# 749,

Table 11. List of IPSAS standards

IPSAS No.	Name of Standard
IPSAS 1	Presentation of financial statement
PSAS 2	Cash flow statements
IPSAS 3	Accounting policies, changes in accounting estimates and errors
IPSAS 4	The effect of changes in foreign exchange rates
IPAS 5	Borrowing Cost
IPSAS 6	Consolidated and Separate FS
IPSAS 7	Investment in Associates
IPSAS 8	Interest in Joint ventures
IPSAS 9	Revenue from exchange transactions
IPSAS 10	Financial Reporting in Hyper-inflationary Economies
IPSAS 11	Construction Contracts
IPSAS 12	Inventories
IPSAS 13	Leases
IPSAS 14	Events after reporting period
IPSAS 15	Financial Instruments: Disclosure and Presentation
IPSAS 16	Investment Property
IPSA 17	Property, plant, and equipment (PPE)
IPSAS 18	Segment Reporting
IPSAS 19	Provision, contingent, liabilities and contingent assets
IPSAS 20	Related party disclosure

IPSAS 21	Impairment of Non cash generating assets
IPSAS 22	Disclosure of financial information about the general Government for public sector
IPSAS 23	Revenue from non- exchange transactions (Taxes and Transfer)
IPSAS 24	Presentation of Budget data in the financial statements
IPSAS 25	Employee Benefits
IPSAS 26	Impairment of cash generating assets
IPSAS 27	Agriculture
IPSAS 28	Financial instruments; presentation
IPSAS 29	Financial instruments;
IPSAS 31	Intangible Assets
IPSAS 32	Service Concession arrangements; grantor
IPSAS 33	First time adoption of accrual basis of IPSAS
IPSAS 34	Separate Financial Statement
IPSAS 35	Consolidation FSs
IPSAS 36	Investments In association & joint ventures
IPSAS 37	Joint Arrangements (JA)
IPSAS 38	Disclosure of interests of other entities
IPSAS 39	Employees Benefits
IPSAS 40	Public sector Combinations
IPSAS 41	Financial Instruments

Annexes

Survey Questionnaire

Addis Ababa University College of Business and Economics department of Accounting and Finance

Dear respondents,

This research entitled “**International Public sectors Accounting Standard Implementation Practice in Ethiopia: In the case of Implementing International Non-Governmental Organizations**” is to be conducted by Mr. Beneber Teshome Tesfe from Addis Ababa University for the partial fulfillment of MSc In Accounting and Finance.

The target respondents of these questionnaires are heads of Finance departments or Finance officers selected from sample INGOs. Your participation is essential to this study and will enhance knowledge of accounting system in International Organizations and please give due attention to respond. You will not be identified either by name or position; your feedback will be treated as confidential at any stage of the research and it will be used purely for academic purpose. Please write the appropriate response on the space provided.

Do you agree to participate on this study? Yes No

If your answer is yes please put your Signature _____

I thank you in advance for your valuable response, time and support. Please do not hesitate to contact the researcher, if you require further information about the research or for any question about the items in this questionnaire.

Yours Sincerely

Beneber Teshome

Email: bene.teshe@gmail.com

Mobile: 09 21 20 62 77 / 09 44 71 01 90

Instruction: Please tick in the box provided for your answer.

Part One ---Respondents Information

1. Your sex Male Female
2. Your Age
20-30 years 31-40 Years 41-50 years above 50
3. Your position in the organization (if the position name is different from below please consider the equivalent)
Accountant Finance Officer Finance Manager
4. Your Educational background
Accounting and Finance Business Administration
Other _____
5. Your Educational Level
College Diploma BA/BSc Degree MA/MSc and Above
6. Your Finance Department (NGO) Work Experience (in years)
Less than 5 years 5-10 years 11-15 years Greater than 15 years
7. Your IPSAS Implementation Work Experience (in years)
Less than 2 years 2-3 years 4-5 years Greater than 5 years
8. How can you acquired IPSAS Implementation professional skill
Trough training participation From IPSAS 1st time Adoption Participation
9. Your Basic Finance professional skill
Peachtree software skill ACCA certified other skill _____
10. Do you think as you are familiar with the “Accounting and Audit Board of Ethiopia” and “Financial reporting Proclamation No. 847/2014”.
Yes No I do not know

Part Two --- Organizational Information/Profile

1. Name of the Organization _____
Head quarter Location _____ Sub city _____
Woreda _____ Address Tell. _____
2. Organization category Local NGO International NGO
3. Year of Establishment _____ G.C and Organizational work experience
1-5 6-10 10-15 16-20 20-25 >25
4. Source of Fund/Finance
Own source foreign donation Local Gov.t donation Individual donation
5. Finance system of the Organization
Centralized system Decentralized System Other system _____
6. Number of Finance department staffs
1-5 6-10 11-15 16-20 21 and above
7. Who perform 1st time adoption of IPSAS to your Organization
Staffs of the organization IPSAS consultants other _____
8. IPSAS Implementation Work Experience including 1st time IPSAS Adoption (in years)
1-2 3-4 5-6 7-8 9 and above
9. To whom your Organization provide/issue a yearly IPSAS based financial report? (**you can select more than one choice**)
 - Accounting and Audit Board of Ethiopia (AABE) Doners (Local and foreign)
 - Agency for civil Society Ograbnization (ACSO) Individual donors
 - Ethiopia Menistry of Finance (MoF)
10. Which kind of accounting system your organization is used?
Cash Basis Modified cash basis Accounting Accrual Basis Accounting

Part Three --- Organizational IPSAS Implementation practice/Status test Questions

The following questions can help me as a guide to reach on conclusion of the study. In order to assess the International Public sectors Accounting Standard Implementation practice of INGOs whose are currently implementing in Ethiopia, the following questions are proposed and expected to be answered by you.

1. Do you believe that there is a need for specific accounting standard for charities and do you think IPSAS is well suited for charities to address their specific issues?

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2. When is the time that your organization started implementing IPSAS on a yearly financial report preparation? And how was the first time adoption process?

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3. Do you think that IPSAS Implementation required high Accounting profession, time consuming and expensive?

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4. What looks like your organization current status of IPSAS implementation for its yearly IPSAS based financial report preparation and PPE management?

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5. Do you think that is your organization benefited from IPSAS adoption and its implementation on a yearly financial report preparation, Organizational resource management like fixed assets and supplies/inventories?

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6. What are the main challenges that your organization faced during IPSAS adoption and implementation on preparing a yearly financial report preparation?

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7. Is IPSAS implementation helpful your organization to prepare and maintain a quality financial reporting and PPE management/safeguarding of inventories?

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8. Which tangible and meaningful benefits your organization gained from the IPSAS implementation on of yearly financial report preparation?

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9. Which activities/ works were get done before adopting and start implementing IPSAS on your organization financial activity?

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10.How effective is the use of IPSAS on your organization financial reporting and resource management when comparing with previous GAAP?

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11.How do you explain your attitude of using IPSAS for your organization yearly financial report preparation? Please choose only one from the available alternatives by putting tick mark.

A. Less favorable attitude	
B. Moderately favorable attitude	
C. Highly favorable attitude	

12.What are the main factors that influence the attitude of employees particularly the finance section staffs towards the use of IPSAS implementation?

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13.How do you explain your organization finance department staff's level of awareness, knowledge and understanding of IPSAS implementation?

Very good Moderate Low

If your response is moderate or low why? Explain it.

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14.What are the main roles and responsibilities expected from your position regarding to IPSAS Implementation and to what extent you're now performing to manage resource and prepare a yearly financial reports based on IPSAS?

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15.Could you tell me some advantages and disadvantages of IPSAS implementation on yearly financial reporting and PPE management?

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16.Do you think that AABE and ACSO are on the right position to provide IPSAS based professional support for your organization as expected?

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17.Do you think that the external auditors of your organization are familiar with IPSAS concept? If you have some issues which are seen during audit work time, please add?

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18. Do you think that AABE, ACSO and both government and private universities gives emphasis to ensure the sustainability of IPSAS implementation practice in all over Ethiopia by giving training, by including in education curriculums and also by preparing guideline and manuals?.....

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19. Do you think that implementation of IPSAS increase the control of AABE, ACSO and Donors and can help them all in assessing proper use of public resources?

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20. Do you encounter any form of confrontation in the first time adoption and implementation process of the IPSAS? Please indication them all.

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21. How do staffs view the use of implementing IPSAS in your organization? (it should be better not to focus on accounting section or finance department only)

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22. How do you rate your organization participation during IPSAS adoption and conversion process? How and to what extent you get involved or participated on IPSAS adoption & implementation process?

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23.What driving force led your organization to the decision to implement IPSASs and /accrual basis accounting and what specific steps did undertake to prepare conversion from the existing system to the IPSAS?

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24.How would you characterize the success of the IPSAS implementation and looking back, what might your organization have done differently (by using the IPSAS)?

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25.Do you think that IPSAS facilitates the flow of aid and assistance from domestic and foreign organizations and Increase funding opportunity due to increase transparency and acceptance?

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26.Please give a comment on the current status, benefits and challenges of IPSAS implementation in charity organizations especially in INGOs who are operating in Ethiopia.

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Part Four --- Resulted Benefit from IPSAS Implementation by INGOs

In your opinion rate the current accounting system implemented and the benefits and challenges of IPSAS in INGOs implementing in Ethiopia mentioned in the following table. Would you please select the best fit of among the choice? I say thank you in advance.

Instruction: - Please rate how strongly you agree or disagree with each of the following statements listed on benefits and challenges of IPSAS implementation table section by placing a check mark in the appropriate box.

The scale below will be applicable as a five point Likert scale ranging from “Strongly Agree, Agree, Neither Agree nor Disagree, Disagree and Strongly Disagree” as represented as follows;

5 = Strongly Agree 4 = Agree 3 = neither Agree nor Disagree 2 = Disagree 1 = Strongly Disagree

Benefits of IPSAS Implementation in INGOs	5	4	3	2	1
I. For Implementing Organization & Management					
Implementation of IPSAS increase credibility of charities towards all stakeholders and improves overall management and planning of income and expenditure to organizations					
IPSAS has significantly increased effectiveness of carrying out activities to fulfill the organization’s mission, respecting donor intent, and using good governance practice					
IPSAS Implementation improves internal control system over the receipts and disbursement of cash resource.					
IPSAS facilitates the flow of aid and assistance from domestic and foreign organizations and Increase funding opportunity due to increase transparency and acceptance.					
IPSAS promotes better financial transparency (in terms of report quality and more about financial transactions)					
IPSAS Improves the quality of financial statement information for INGOs, increase understandability of Financial report.					
IPSAS improve consistency and comparability of financial report of organizations and create alignment with best Accounting practices.					
IPSAS Implementation in INGOs facilitates to recognize or disclose financial transactions either in financial statements or in its notes.					

IPSASs has improved INGOs Asset management through recognition, measurement, valuation and reporting					
Application of IPSASs improves decision making due to availability of accurate, timely, relevant and reliable financial information					
IPSAS Provide better information for top managements to make a decision to create a clear picture of liabilities, future assets and cash flow needs in the future					
II. For Donors and Regulatory bodies like AABE & ACSO					
IPSAS promotes charities due to better transparency, accountability, credibility and validity of financial report and build a confidence donors.					
IPSAS Increase credibility of financial report to get acceptance by Legal entities like (by AABE and ACSO)					
Implementation of IPSAS increase the control of AABE and ACSO and help them in assessing proper use of public resources					
The implementation of IPSAS results in improved financial reports, allows to provide more meaningful information to users of its financial statements including Donors, AABE and ACSO					
IPSAS Promote standardization and make available comprehensive information as needed about financial and non-financial resources.					
IPSASs improve disclosure and hence present true and fair financial position of charities for both AABE and ACSO.					
Information prepared in accordance with IPSAS can a basis for evaluating Charities performance in terms meeting public requirements, monitoring program with their budget					
III. For Beneficiaries/Project targets/					
Financial report prepared under IPSAS used to demonstrate, and users to evaluate, accountability for the use of public funds.					
IPSAS provides a clearer indication of how financial resources have been used in a given period and create improved capacity to charities to measure costs					
IPSAS increase effectiveness and efficiency, proper utilization of public resources and can minimize illegal activities specially frauds in Charity organizations					
IPSAS implementation Strengthen the support for results-based management through provision of comprehensive cost and provide clear information to Beneficiaries					

I. List any other benefits provided your organization by the implementation of IPSAS?

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Part Five --- Challenges faced due to IPSAS Implementation by INGOs

5 = Strongly Agree 4 = Agree 3 = neither Agree nor Disagree 2 = Disagree 1 = Strongly Disagree

Challenges of IPSAS Implementation by INGOs	5	4	3	2	1
I. IPSAS Implementation Awareness related Challenges					
Lack understanding IPSAS, shortage of detailed IPSAS practical guideline provided from regulatory bodies (AABE & ACSO)					
Few experience in implementing IPSAS and lack of full understanding of the issues involved on IPSAS based reporting					
The Application of IPSAS requires a high level of competence, and expertise to be able to understand, interpret and make use of the standards to each year financial reporting					
Poor means of communication on awareness creation about IPSAS and Lack of focused training to relevant staff on IPSASs.					
Lack of coordination among ACSO, AABE, INGOs, Audit firms, in insuring compliance with IPSAS					
II. Technical Challenges of IPSAS Implementation					
Increase administrative cost, compliance cost and other IPSAS implementation cost (cost of additional staffs, training cost, advisory, external audit and evaluation cost)					
There is a shortage of local expertise with IPSAS training and now challenging to implement IPSAS in the country Ethiopia					
Lack of qualified Accountant and Shortage of the necessary internal technical expertise on IPSAS in the organization					
Some charities accounting issues are not addressed in IPSAS and problem of presenting budget data in the financial statements					
Problem of using fair value in comparison to historical cost method during evaluation process of assets					

The IPSAS training provided by trainers was not providing enough skill to understand essential knowledge about IPSAS.					
The Accounting Software used by CSO's including SAP and Peachtree are not adequate and appropriate for IPSAS reporting					
Lack of proper direction and lack of focus from top management affects the successful implementation of IPSASs.					
III. Legal Challenges of IPSAS Implementation					
IPSAS application cost is too high compared with benefits enjoyed & requires more resources to be in line with diverse standards					
Create a conflicting situation between charities and both ACSO and AABE (e.g operational and administrative cost category 80/20 rule)					
Lack of an in-depth analysis of gaps between existing financial reporting and the requirements of IPSAS Standard					
IPSAS implementation adversely affected management culture and donors did not fully cover its operation costs.					
IPSAS give a permission to make even minor adjustments to accounting records on each year reporting					
Delay in amendment IPSAS from AABE and ACSO requirement were not allows Foreign Charities to transit smoothly to IPSAS.					
IPSAS is agreed with the proclamation 847/2014) of Ethiopian law and no shortage of IPSAS clear guideline					

II. List any other challenges your organization faced during the implementation of IPSAS?

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III. List any measures that will be undertaken by your organization to mitigate the challenges listed above.

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Thank you very much for your participation and cooperation!!!