

ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

The Impact of International Public Sector Accounting Standards (IPSAS) Adoption on Financial Reporting Quality: The Case of African Union Commission (AUC)

BY

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Degefe Duressa (Ph.D.). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher-learning institution to earn any degree.

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ENDORSEMENT

This thesis has been submitted to Addis Ababa university college of business and economics for examination with my approval as a university advisor.

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The Researcher.

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APPROVAL SHEET

The Impact of International Public Sector Accounting Standards Adoption on Financial Reporting Quality: The Case of African Union Commission

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ACRONYMS AND ABBREVIATIONS

AU – African Union

AUC – African Union Commission

CIPFA – Chartered Institute of Public Finance and Accountancy

EPSAS – European Public Sector Accounting Standards

FMIS – Financial Management Information System

GAAP – Generally Accepted Accounting Principles

IFAC – International Federation of Accountants

IFRS – International Financial Reporting Standards

IMF – International Monetary Fund

IPSAS – International Public Sector Accounting Standards

IPSASB – International Public Sector Accounting Standards Board

LMIS – Logistics Management Information System

NGO – Non-Governmental Organization

NPM – New Public Management

PAFA – Pan African Federation of Accountants

SCM – Supply Chain Management

SDGs – Sustainable Development Goals

UN – United Nations

WB – World Bank

ABSTRACT

The study sought to examine the relationship between adopting IPSAS and financial reporting quality at the African Union Commission. Through explanatory research design, the study analyzed the relationship between six aspects of IPSAS adoption including policy commitment, system readiness, human competence, governance support, resource provision, and implementation maturity and the quality of financial reporting. The primary data used for the analysis was collected using a structured questionnaire from 209 respondents. Statistical Package for Social Sciences (SPSS) 26.0 was used to analyze the data through computation of descriptive statistics, correlations, and multiple regressions. The results revealed that the six independent variables had a statistically significant positive relationship with financial reporting quality. Together, they explained 62.1% of the variance ($R^2 = 0.621$, $p < 0.001$). In particular, policy commitment had the highest impact on financial reporting quality ($\beta = 0.299$, $p < 0.001$), followed by governance support ($\beta = 0.248$, $p < 0.001$), system readiness ($\beta = 0.172$, $p = 0.002$), human competence ($\beta = 0.146$, $p = 0.013$), resource provision ($\beta = 0.138$, $p = 0.015$), and implementation maturity ($\beta = 0.116$, $p = 0.033$). Financial reporting quality at the African Union Commission was found to be moderate ($M = 3.50$). Thus, it can be concluded that IPSAS adoption has resulted in an improvement in the quality of reporting at the AUC; nevertheless, there is still room for further progress. In particular, the findings highlight the need for the development of such areas as leadership, internal audit effectiveness, FMIS capacity, training initiatives, and resource availability for IPSAS adoption. Finally, the research calls for future exploration of IPSAS implementation at regional and international organizations in order to derive relevant lessons and best practices.

Keywords: IPSAS Adoption, Financial Reporting Quality, Policy Commitment, Governance Support, System Readiness, Human Competence, Implementation Maturity.

CHAPTER ONE: INTRODUCTION

1.1. Background of The Study

Financial management in the public sector is a fundamental tool in the promotion of good governance, transparency, and accountability. Dale and Simpkins (2016) state that financial management in the public sector is essential for achieving institutional objectives, improving service delivery outcomes, facilitating operational and strategic decisions, promoting service sustainability, fostering public confidence, and ensuring effective and efficient resource utilization. Financial reporting is essential in providing necessary information to users interested in the reporting entity's performance. The reporting is not only essential for decision-making but also for promoting accountability, transparency, and openness in the public sector.

As a result of the need for accountability and comparability in public sector reporting, the International Public Sector Accounting Standards Board (IPSASB) introduced the International Public Sector Accounting Standards (IPSAS). These standards are a set of accounting standards developed specifically for public sector use in preparing financial statements (IPSASB, 2021). The main objective of IPSAS is the improvement of the quality, consistency, and transparency of financial reporting in public sector entities through the provision of high-quality accounting standards, similar to the International Financial Reporting Standards (IFRS) in the private sector (ACCA, 2021).

IPSAS adoption has been viewed as part of a global reform initiative for public sector accounting that gained prominence after the 2008 financial crisis due to concerns about increased transparency and accountability in public sector reporting (ACCA, 2021). The implementation speed and method vary by region. While European countries like Estonia and Lithuania have adopted EPSAS—derived from IPSAS—as set by the European Union, Asian countries such as Malaysia and Indonesia have incorporated IPSAS-style principles. In South America, IPSAS-style standards have been adopted by Chile, Peru, and Colombia, while Australia and New Zealand are among countries that have moved their public sector reporting toward IPSAS-style standards.

In Africa, IPSAS adoption is actively rising, especially with public financial management reforms. In many African countries, including Kenya, Nigeria, Ghana, Tanzania, Rwanda, South Africa, and Uganda, IPSAS adoption is taking place, ranging from full accrual IPSAS to cash or hybrid IPSAS. The reasons for adopting IPSAS include donor requirements from international institutions such as

the World Bank and the International Monetary Fund, public financial management reforms, and the need to enhance transparency and comparability in managing public resources (Ezejelue, 2019).

As the executive and administrative organ of the African Union, the African Union Commission (AUC) handles complex financial transactions, including those from member states, partners, and donors. The African Union's adoption of IPSAS was mandated in January 2013 by the Executive Council, which was subsequently approved by the Assembly of the African Union's Heads of State and Government. The decision aimed to improve the African Union's financial practices to meet international standards (African Union, 2020). The African Union has been participating as an observer at the IPSASB since 2018, indicating its dedication to the standards.

However, despite this formal commitment, documented evidence from internal audit reports and financial management assessments (African Union, 2022, 2024) has identified persistent challenges including delayed financial statement preparation, incomplete asset registers, and inconsistencies in revenue recognition across AU organs. These specific organizational challenges provide the contextual foundation for this study, which aims to evaluate the influence of IPSAS adoption on financial reporting quality, focusing on the role of six institutional dimensions.

1.2. Statement of The Problem

The public sector organizations must prepare accurate, timely, transparent and comparable financial reports to improve accountability, fiscal responsibility and governance. IPSAS have been designed to meet the objectives above through standardization of accounting procedures in line with the best international practices. Adoption of IPSAS is especially important for supranational organizations, such as the African Union Commission (AUC), as it is expected to contribute to improved governance, increase transparency and make the accounting information comparable among the members of the organization (Grossi & Steccolini, 2021; Brusca & Montesinos, 2022).

At the same time, empirical research conducted for Africa shows a wide range of results of applying IPSAS from positive effects in terms of transparency of financial reporting to various difficulties connected to human resource competence, inconsistent implementation processes and high cost of implementation (Chinedu et al., 2019; Ahmad & Pasqualina, 2022; Ofoegbu & Odo, 2023). There is little research available in terms of IPSAS' influence on financial reporting of regional and multinational organizations, including the AUC (Christensen & Skaerbaek, 2023). What is even more disturbing, according to internal audit reports, there are serious defects in the organization's financial

reporting, namely the delay in publication of the annual financial statement beyond the statutory period, lack of identification of assets in different departments within the region, inconsistent reporting in respect to member states' financial contributions and negative qualification of external audit opinions over three years in a row (AUC Internal Audit Reports, 2022; 2024). Thus, it becomes clear that the problem is not only theoretical but very concrete.

There is no empirical research conducted in terms of evaluating the effect of IPSAS adoption by regional organizations, such as the AUC, and whether the problems faced when IPSAS were adopted in other organizations have appeared within this supranational institution. As a result, it may be difficult to evaluate the impact of this change for the AUC in particular and regional governance in general. In addition, current academic literature does not sufficiently consider the institutional and organizational factors that affect IPSAS success, such as organizational governance, resource allocation and technological readiness (Grossi, Kallio, & Sargiacomo, 2023). As a consequence, it may be wrong to treat IPSAS adoption only as a technical task.

Hence, the purpose of the research will be to estimate the actual impact of IPSAS adoption on the quality of financial reporting of the AUC. The research will rely on the framework of six institutional dimensions: policy commitment, system readiness, human competence, governance support, resource provision and implementation maturity to collect empirical data in respect to IPSAS adoption within the organization.

1.3. Objectives of The Study

1.3.1. General Objective

To examine the impact of International Public Sector Accounting Standards (IPSAS) adoption on financial reporting quality within the African Union Commission.

1.3.2. Specific Objectives

The specific objectives of this study are:

1. To examine the effect of policy commitment to IPSAS on financial reporting quality at the African Union Commission.
2. To examine system readiness on the quality of IPSAS-based financial reporting at the African Union Commission.

3. To examine the impact of human resource competence on financial reporting quality under IPSAS at the African Union Commission.
4. To examine how governance support affects the quality of IPSAS-based financial reporting at the African Union Commission.
5. To examine the role of resource provision in achieving improved financial reporting quality through IPSAS at the African Union Commission.
6. To examine how the implementation maturity level of IPSAS adoption influences financial reporting quality at the African Union Commission.

1.4. Significance of The Study

The study is significant in the context of connecting the policy and academic views on IPSAS implementation in supranational entities. As a matter of practice, it provides the African Union Commission (AUC) with a wealth of evidence-based knowledge in six institutional areas - policy, preparedness, capability, governance, resourcing, and implementation maturation - enabling the Commission to identify specific gaps that require rectification. For policymakers and auditors, the study contributes towards the enhancement of IPSAS implementation by offering guidance on key governance changes, measures for improving compliance, and strategies for capacity-building. On the part of development partners and donors, the study indicates institutional requirements for protecting big budgets and other external sources of funding. From an academic perspective, the study makes a contribution to the body of knowledge on public sector accounting by focusing on a neglected area of IPSAS adoption in Pan-African organizations rather than in individual countries.

1.5. Scope of The Study

This study is geared towards evaluating the effects of IPSAS adoption on financial reporting quality within the African Union Commission. Geographically, this research is limited to the African Union Commission headquarters in Addis Ababa, Ethiopia. Functionally, it is limited to the Finance Directorate and its divisions: Accounting Division, External Resource Management Division, Budget Division, Peace and Security Finance Division, and Financial Management Division. The research also includes finance staff from selected regional offices, organs, and liaison offices.

Conceptually, the study seeks to assess how the six factors of IPSAS adoption influence financial reporting quality. The factors include regulatory and policy commitment, system integration and technology readiness, capacity and human resource competence, institutional support and governance structures, resource allocation and funding, and implementation stage. Methodologically, it is rooted in the use of both quantitative and qualitative approaches. The quantitative approach is through structured questionnaires administered to finance staff. The qualitative approach is through interviews of unit heads and senior finance officers.

This research is set to cover the period of IPSAS adoption in 2016 up to 2024. The study is important because it can assess the current state of financial reporting. The research is not comparative in nature; it seeks to assess the current relationship between the factors of IPSAS adoption and financial reporting quality. Although this study is limited to the AUC, it can inform other regional and public sector organizations that adopt IPSAS. The research is limited to the AUC and may not have access to some of its internal financial information because of its confidential nature.

1.6. Operational Definitions of Key Terms

For the purpose of this study, the following operational definitions apply:

International Public Sector Accounting Standards (IPSAS): Accounting standards issued by the IPSASB for use by public sector entities in preparing financial statements (IPSASB, 2021).

Financial Reporting Quality: The extent to which financial reports meet stakeholders' needs for transparency, accountability, and informed decision-making, as perceived by finance staff and evidenced in financial documents.

Policy Commitment: The strength of AU resolutions, legal mandates, and institutional enforcement mechanisms supporting IPSAS adoption, measured through staff perceptions of policy clarity and enforcement.

System Readiness: The compatibility of IPSAS with financial management information systems, including IT infrastructure, automation capabilities, and reporting software functionality.

Human Resource Competence: Staff training levels, professional certification, and technical expertise in applying IPSAS consistently in daily operations.

Governance Support: Leadership commitment, oversight mechanisms, internal audit functions, and accountability culture supporting IPSAS implementation.

Resource Provision: The availability of financial resources allocated to IPSAS transition activities, including training, consultant services, and system upgrades.

Implementation Stage: The maturity level of IPSAS adoption, ranging from partial implementation to full accrual-based reporting.

1.7. Organization of The Study

This thesis has a total of five chapters. Chapter One of the thesis provides the introduction, including the background, problem statement, hypotheses, objectives, significance, scope, limitations, operational definitions, and organization of the thesis. Chapter Two of the thesis provides the literature review, including the theoretical, conceptual, and empirical literature. Chapter Three of the thesis provides the methodology, including the research design, approach, data sources, data management, data analysis, reliability, validity, ethical considerations, model specification, and data analysis techniques. Chapter Four of the thesis provides the analysis of the findings, including the interpretation of the findings. Chapter Five of the thesis provides the conclusion, including the summary of the findings, conclusion, and recommendations.

CHAPTER TWO: LITERATURE REVIEW

A thorough review of theoretical and empirical literature forms the basis upon which the research on the impact of International Public Sector Accounting Standards (IPSAS) on financial reporting quality in intergovernmental organisations is based. The theoretical basis of financial reporting in the public sector, the conceptual basis of IPSAS, and the empirical evidence are the focus of this chapter. The literature is reviewed in a manner that is relevant and related to the research focus on the impact of the adoption of IPSAS on the following dimensions: policy commitment, system readiness, human competence, governance support, resource provision, and implementation maturity in relation to the African Union Commission.

2.1. Theoretical Foundations

The transition towards the adoption of accrual-based accounting standards by the public sector constitutes a meaningful transformation in the way governmental and intergovernmental organizations present their financial performance and position. It is helpful to explore the perspectives on the impact that accounting standards might make on the outcomes of financial reporting in order to understand the above transition. In this research, an integrated framework combining the concepts of New Public Management, Institutional Theory, Agency Theory, and Legitimacy Theory is developed to discuss the reasons behind the choice of IPSAS by the AUC and its relationship with transparency and decision-usefulness.

The use of multiple theories is justified by the complexity of the IPSAS adoption process in an intergovernmental body like the AUC: no single theory can explain it in its entirety. Different theories illuminate different links in the process described by the equation 'adoption – implementation – outcome', thus NPM explains the push towards the adoption driven by the need for efficiency; Institutional Theory explains the external pressures leading to adoption through isomorphic mechanisms; Agency Theory highlights the role of accountability in reducing information asymmetry; Legitimacy Theory explains how organizations are motivated to adopt standards even despite implementation challenges through symbolic compliance.

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2.1.1. New Public Management Theory

Theories of New Public Management (NPM) have been formed in the 1980s and gained popularity in public sector management by the end of the 1990s. The main idea of the theories of NPM is that public sector organizations could benefit from the application of management practices characteristic of the private sector such as efficiency, accountability, and performance measures (Hood, 1991; Pollitt & Bouckaert, 2011). Traditional cash-based budgeting and accounting, aimed at ensuring compliance and appropriation, is deemed insufficiently effective. According to NPM, government organizations should manage resources in the same way as private companies, an approach closely associated with the adoption of accrual accounting, which records transactions based on the creation and consumption of value and not just the exchange of money (Guthrie, 1998). Accrual accounting provides a more complete representation of operating expenses and resource management, which contributes to transparency and stewardship. In this respect, international standards such as IPSAS are advocated as ways to apply NPM principles to public organizations (Ofoegbu, 2016).

Link to study variables and hypotheses: NPM lies at the base of the core rationale for system readiness (H_2) and implementation maturity (H_6). The theory claims that accrual accounting produces financial reports of higher quality if two preconditions are met - system readiness, which refers to the availability of information technology systems able to work with transactions like depreciation of assets or recognition of liabilities, and implementation maturity, i.e., sufficient time and experience required to implement the practice. Thus, the hypothesis (H_2 and H_6) is that organizations characterized by high system readiness and high implementation maturity demonstrate higher financial reporting quality. However, although the principles of NPM had shaped international reforms, academics warn that the application of NPM theories in developing countries is associated with broader firm constraints like capacity, political will, and culture (Christensen & Lægreid, 2007).

Critics point out that the blind application of business models in the public sector without due regard to its peculiarities may lead to undermining important public sector characteristics. Thus, according to Whittington (2008), the principles of stewardship and accountability characteristic of public sector management may be overshadowed by the priorities of efficiency and investor-oriented reporting. In the case of intergovernmental organizations like the AUC, the challenge of balancing efficiency and political legitimacy becomes more significant as the organization works with 55 member states. In this research, it will be tested whether the relationships implied by the theories of NPM (system

readiness → FRQ; implementation maturity → FRQ) prevail among intergovernmental organizations like the AUC.

2.1.2. Institutional Theory and Isomorphic Pressures

Institutional theory provides a rich array of mechanisms that help explain adoption practices like the adoption of IPSAS even if there are no technological advantages in it. The concept of isomorphism, developed by DiMaggio & Powell (1983) is widely applicable to the explanation of adoption. There are three types of isomorphism - coercive, mimetic, and normative - which allow explaining the process of adoption of IPSAS by the AUC in 2013 and its implementation effects.

Link to study variables and hypotheses: The institutional theory is relevant to policy commitment (H_1), governance support (H_4), and resource provision (H_5). Coercive isomorphism includes formal or informal pressures from the powerful stakeholders of organizations. Munezero (2018) and Tawiah & Soobaroyen (2023) found a positive relationship between IPSAS adoption and opportunities to receive international aid in developing countries and intergovernmental organizations. The situation in the AUC, which receives funding from donor organizations like the EU, World Bank, and UN organizations, means that IPSAS adoption is driven by coercive pressure (as international organizations require transparent reporting to ensure funding). Thus, coercion directly influences resource provision (H_5): the donors usually allocate funding for the development and installation of necessary technologies, for training purposes, and technical assistance for implementing IPSAS. Hence, the hypothesis (H_5) is that resource provision positively correlates with the financial reporting quality in intergovernmental organizations.

Mimetic isomorphism refers to organizations imitating other organizations that enjoy legitimacy in certain fields. Observing other international organizations such as the United Nations and the European Union, which also migrate to IPSAS (in 2014, the first IPSAS compliant statements of the United Nations were published, according to Vaidya, 2020), creates a mimetic pressure on the AUC to follow. Mimetic pressure influences policy commitment (H_1) because the AUC should prove itself as an organization that follows certain policy directions and adopts the standards of the organizations which set examples. Thus, the hypothesis (H_1) is that policy commitment positively correlates with financial reporting quality.

Normative isomorphism emerges when certain professions become institutionalized and professionals start advocating the methods they learned in professional school. The professional community widely approves IPSAS, and even promotes financial reform in the public sector, as exemplified by the Pan African Federation of Accountants (PAFA, 2021). The example of the AUC that joined IPSASB (as an observer) in 2018 demonstrates the normative pressure from the IPSAS standards. Normative isomorphism influences governance support (H_4) because professional networks advocate governance mechanisms such as the existence of audit committees, internal auditing functions, and accountability structures. Therefore, the hypothesis (H_4) is that governance support positively correlates with financial reporting quality. Even though Issah & Baah (2025) applied institutional theory to study IPSAS adoption in Ghana, the criticism of this theory remains in place its excessive focus on external forces ignores the role of organizations' own actions (agency) in shaping the process. That is why in this study, institutional theory is complemented with agency theory in order to study governance mechanisms as well.

2.1.3. Agency Theory and Public Sector Accountability

The theories of agency explain the nature of principal-agent relationships. When dealing with corporations, the theories of agency are concerned with monitoring managers by shareholders. In the public sector, a more complicated principal-agent relationship is established where citizens play the role of principal and politicians act as intermediaries who delegate tasks to public servants who are agents (Jensen & Meckling, 1976). Thus, IPSAS adoption is expected to strengthen the principal-agent relationship by improving the quality of financial information. Once the reports represent the economic activity and results in an accurate manner, principals will be able to evaluate the stewardship of agents (Zimmerman, 1977). As regards the AUC, the role of its principals will be played by 55 member-states as well as donor agencies.

Link to study variables and hypotheses: Governance support (H_4) and policy commitment (H_1) as governance mechanisms are supported by the theories of agency. According to the theories, information asymmetry is reduced if two conditions exist. First, there are governance mechanisms that supervise the behavior of agents and validate information. Second, there is policy commitment that establishes consequences for any deviations from the approved course of action. For the AUC, the challenge will be to provide two levels of supervision and consequences: upward control to the member-state principals and downward control to the citizens of Africa. Only the combination of

high-quality reporting and adequate governance mechanisms will create an opportunity to establish an efficient public sector accountability system. Therefore, the hypothesis (H_4 and H_1) is that both policy commitment and governance support are positively correlated with financial reporting quality. Chinedu et al. (2019) used theories of agency to assess the financial reporting quality of IPSAS adoption in Nigeria and showed that it decreased information asymmetry between agents and citizens. The criticism of agency theories states that the assumption of agents' self-interest and costlessness of monitoring is too restrictive. In the AUC's case, the interest of all fifty-five states as well as donor agencies may vary greatly and monitoring costs will be very high. This study focuses only on studying associations.

2.1.4. Legitimacy Theory

According to the theory of legitimacy, organizations seek to act within the framework of norms and standards accepted by their society in order to be considered legitimate (Suchman, 1995). Thus, adoption of IPSAS may be regarded as an attempt of organizations to obtain legitimacy in conducting their public sector affairs. Mourao & Carmo (2020) propose to interpret the search for legitimacy as one of the driving factors behind the reform of accounting practices in the public sector, especially in terms of aligning the financial systems with international standards.

Link to study variables and hypotheses: Legitimacy theory proposes additional explanations for policy commitment (H_1) and implementation maturity (H_6), as well as explains why organizations proceed with IPSAS adoption despite certain problems with implementation. From the perspective of legitimacy theory, IPSAS adoption may serve as symbolic compliance with international best practices in public sector finances. Therefore, the process of adoption by the AUC, which faces significant challenges in implementation as shown by internal audits (AUC Office of Internal Oversight, 2022, 2024), might be understood as an effort of securing the stakeholders' approval.

However, in its approach to IPSAS adoption, legitimacy theory distinguishes between symbolic compliance, when organizations adopt new policies but do not actually implement them and substantive implementation, which implies embedding of the practices. Accordingly, legitimacy theory will be relevant to study H_1 (policy commitment, symbolic or substantive) and H_6 (implementation maturity, substantive). At the same time, the criticism of legitimacy theory concerns the difficulty of operationalizing and testing its assumptions. This study overcomes the challenge by measuring both policy commitment (symbolic) and implementation maturity (substantive).

Integrating Theories Summary - Each of the theories mentioned above sheds light on a certain part of the chain that starts with adoption and ends with outcomes, thereby offering a specific mechanism for explaining the process. Institutional Theory and Legitimacy Theory primarily deal with questions related to what made the AUC adopt IPSAS, such as coercive pressures from donors, mimetic pressures from organizations like the UN, normative pressures from the accounting profession, and the pursuit of legitimacy. New Public Management addresses the issue of what makes successful implementation possible, referring to system readiness for accruing and implementation maturity. Finally, Agency Theory explains what ensures reporting quality: governance mechanisms and policy commitment. Legitimacy Theory additionally explains why organizations stick to their policies despite challenges: symbolic compliance is a source of legitimacy that keeps the process going even if implementation is lacking.

This integration allows testing six hypotheses that correlate with theoretical mechanisms. Should the relationship of Policy Commitment (H_1) and Governance Support (H_4) prove stronger in regression analysis, it would indicate that agency mechanisms prevail over the process-oriented NPM mechanisms. However, if the associations of System Readiness (H_2) and Implementation Maturity (H_6) prove stronger, it would mean that the opposite is true.

2.2. Conceptual Foundations of IPSA

International Public Sector Accounting Standards represent a comprehensive reform of public sector financial reporting, aimed at enhancing transparency, accountability, and comparability across jurisdictions. Issued by the IPSASB, these standards provide guidance on how public sector entities should recognise, measure, present, and disclose information about their financial performance and position (IPSASB, 2021).

2.2.1. Nature and Scope of IPSAS

IPSAS includes both accrual-based standards as well as a cash-based standard, which is applicable to transitional or developing economies. The accrual-based standards, which now dominate IPSAS, require entities to recognize assets, liabilities, revenues, and expenses when transactions take place, without any reference to the flow of cash. Such a system provides a more complete picture of the financial well-being of the entity than the cash system, as it shows the present liquidity position of the entity as well as the obligations or assets that would be available in the future (ACCA, 2021).

On the other hand, the cash-based IPSAS recognizes transactions when the cash is received or paid. Though the system is less effective than the accrual system, the cash-based IPSAS represents the first step towards more effective accounting, which can be achieved when entities have the ability or the infrastructure to maintain accrual-based accounting. Several African countries have opted or are planning to adopt the cash-based IPSAS, but the African Union Commission has already opted for the accrual-based IPSAS, as of 2013 (African Union, 2020).

IPSASB has issued several new standards, keeping in view the emerging needs of the public sector. In 2024, the IPSASB issued its updated strategy and work program for the next five years, i.e., 2024-2028, focusing on the development of public financial management as well as sustainable development across the globe through the increased adoption and implementation of accrual IPSAS as well as international public sector sustainability reporting standards (IPSASB, 2024). IPSASB has issued IPSAS 51, which requires entities to recognize the value of the resources they conserve, thus making the 'natural wealth' of the country visible on the financial statement of the entities (Public Sector Accounting Standards Board Kenya, 2026).

2.2.2. Global Adoption Trends

However, the pace of IPSAS adoption has increased significantly since the 2008 GFC, driven by a strong demand for increased transparency in public sector financial reporting. In fact, according to a report by the International Public Sector Financial Accountability Index published by IFAC and CIPFA, 56 percent of all jurisdictions are likely to use IPSAS for financial reporting by 2030. Of these, 81 percent are likely to use IPSAS either directly or in adapted forms.

Diverse regional experiences in IPSAS adoption can be observed. In Europe, Estonia and Lithuania have totally adopted IPSAS-type standards. In fact, the European Union has recently launched EPSAS based on IPSAS. In Asia, Malaysia and Indonesia have adopted IPSAS-type standards. In South America, financial reforms in Chile, Peru, and Colombia have incorporated IPSAS. In addition, Australia and New Zealand are among the early adopters of IPSAS-based financial reporting standards in the public sector.

The region also provides similarities in relation to IPSAS in Africa. In a webinar organized by IFAC, IPSASB, and the World Bank in 2025, it was noted that while most nations in the region adopted cash-based IPSAS, only 23 percent are fully using accrual-based IPSAS, and this figure is projected

to rise to 51 percent by 2030. Some of the challenges identified in this region are similar to those identified in other regions in Africa.

The trend in IPSAS adoption in Africa is on the increase, and this is in most cases tied to public financial management reform initiatives in most African nations, which are supported by international donors. In most African nations, including Kenya, Nigeria, Ghana, Tanzania, Rwanda, South Africa, and Uganda, IPSAS adoption is in progress, and this ranges from accrual-based IPSAS to modified cash-based IPSAS (Manda, Tengeh, & Kemboi, 2021). The main reasons for IPSAS adoption in most African nations are tied to donor requirements from institutions such as the World Bank and the International Monetary Fund, public financial management reform initiatives geared towards improving governance in most nations in this region, and the need to improve transparency in managing public resources (Ezejelue, 2019).

2.2.3. Financial Reporting Quality

The quality of financial reporting in the public sector is often measured based on the qualitative characteristics of financial reporting as identified by the IPSASB conceptual framework. These include relevance, faithful representation, comparability, verifiability, timeliness, and understandability (IPSASB, 2018).

Relevance is the measure of the extent to which financial reporting influences stakeholders' decisions due to its predictive and confirmatory value. In the public sector, the financial reporting will be relevant if it helps stakeholders evaluate the effectiveness of the resources expended and the ability of the public entity to meet its obligations (Beest, Braam, & Boelens, 2009). A study conducted by Issah and Baah (2025) on the adoption of IPSAS in Ghana found that the adoption of IPSAS had a significant impact on the relevance of financial reporting for decision-making purposes.

On the other hand, faithful representation requires that financial reporting provides complete, neutral, and accurate information. For the African Union Commission, financial reporting should provide a faithful representation of economic substance, including contributions from member states, programme expenses financed by donors, and assets under the control of the Commission (Munezero, 2018). Akinleye and Alaran-Ajewole (2018) found that the adoption of IPSAS had a positive effect on faithful representation of financial reporting for the Nigerian government due to the reduction of creative accounting practices.

On the other hand, comparability of financial reporting helps stakeholders to compare and contrast financial reporting between entities and over time. IPSAS improves comparability of financial reporting by establishing a common framework of accounting policies and reporting practices (Rashid, 2020). For the African Union Commission, a comparison of financial reporting with other intergovernmental organisations like the United Nations and regional economic communities will be essential for evaluating the effectiveness of the Commission.

Verifiability ensures that the user of the information is satisfied that the information is a true reflection of the economic realities because knowledgeable people would agree on the correctness of the information. This is particularly relevant to donor stakeholders, whose confidence in the use of funds is verified through the audited financial reports (Dias, 2024). The study on Timor Leste by Dias (2024) revealed that knowledge of the IPSAS standards had a positive impact on the quality of financial reports in terms of verifiability.

Timeliness ensures that the user of the financial information receives the information in time before the decision is made, as the information would have lost its power to influence decisions at a later time. The problem of delayed financial reporting is a known issue in the African and Caribbean regions, which affects the verifiability of the reports (Owusu-Ansah, 2000). The Caribbean study revealed that the problem of delayed reporting is a major hindrance to the full exploitation of the benefits of the adoption of IPSAS (IFAC, 2025).

Understandability ensures that the user of the financial information is able to comprehend the information presented in a clear and concise manner, as the user is assumed to have reasonable knowledge of the subject matter. The African Union Commission's diverse community of stakeholders, comprising the member states whose knowledge of accounting standards may differ, makes the understandability of the financial reports essential in ensuring accountability.

2.3. Empirical Studies

A substantial body of empirical research has examined the relationship between IPSAS adoption and financial reporting quality across diverse contexts. Rather than simply summarizing studies in isolation, this section critically synthesizes the literature by (a) comparing conflicting findings across studies, (b) highlighting methodological differences that may explain divergent results, (c) examining how contextual variations (national vs. supranational, developing vs. developed, public vs. private sector) condition outcomes, and (d) identifying consistent patterns and unexplained anomalies. Each

subsection concludes with a methodological critique and identification of gaps that this study addresses.

2.3.1. Policy Commitment and Financial Reporting Quality

Policy commitment is defined as the extent to which management demonstrates sustained dedication to IPSAS implementation through formal policies, strategic direction, and enforcement mechanisms. Across the literature, policy commitment consistently emerges as a significant predictor of reporting quality, though the mechanisms through which it operates vary by context.

Vaidya (2020), drawing on Middle Eastern experiences (Saudi Arabia, UAE, Qatar), argues that "tone at the top" and proper planning determine the rate and extent of IPSAS implementation. In the Ghanaian public sector, Issah and Baah (2025) surveyed 366 respondents and found a significant positive relationship between IPSAS adoption (as a regulatory framework) and transparency and accountability. Similarly, Akinwunmi et al. (2025) examined Ogun State, Nigeria, finding that the IPSAS adoption environment (grand mean = 3.90) and transparency/accountability (grand mean = 3.73) exceeded acceptable thresholds.

Despite general agreement on the importance of policy commitment, studies reveal important nuances and contradictions. First, the strength of the policy commitment-reporting quality relationship varies significantly across contexts. In Ghana (Issah & Baah, 2025), the relationship was strong (β not reported but significant at $p < 0.01$), while in a study of Nigerian federal ministries (Ofoegbu & Odo, 2023), the relationship was weaker ($\beta = 0.18$, $p < 0.05$) and was fully mediated by enforcement mechanisms. This suggests that policy commitment alone is insufficient without corresponding enforcement infrastructure a nuance that single-study summaries miss. Second, methodological differences may explain some variation: Issah and Baah (2025) used a cross-sectional survey with self-reported measures, while Ofoegbu and Odo (2023) used a mixed-methods design incorporating document analysis. The latter found that organizations with formal IPSAS policies, but weak enforcement had reporting quality scores no different from organizations without formal policies a finding that cross-sectional surveys alone cannot detect.

Policy commitment operates differently in national versus supranational contexts. In national settings (e.g., Ghana, Nigeria), policy commitment typically originates from central government ministries and cascades downward. In supranational contexts like the AUC, policy commitment must navigate

55 member states with divergent interests, making enforcement more complex (Munezero, 2018). This study addresses this gap by examining policy commitment in a supranational context where the chain of command is less direct than in national public sectors.

Most studies on policy commitment suffer from three limitations: (a) they measure policy commitment through perceptions of single respondents per organization, introducing common method bias; (b) they fail to distinguish between symbolic commitment (policy statements) and substantive commitment (resource allocation, enforcement actions); and (c) they assume linear relationships without testing for threshold effects. This study addresses the second limitation by measuring both policy articulation (M = 4.31 in descriptive findings) and perceived leadership follow-through (M = 2.95), allowing examination of the gap between symbolic and substantive commitment.

H_1: Policy commitment to IPSAS has a significant positive association with financial reporting quality at the African Union Commission.

2.3.2. System Readiness and Financial Reporting Quality

System readiness encompasses financial management information systems, technology infrastructure, and software applications necessary to support IPSAS-based accounting and reporting. The transition to accrual accounting is information-intensive, demanding systems capable of recording assets, liabilities, revenues, and expenses in accordance with IPSAS.

Dias (2024), surveying 88 respondents from 34 public institutes in Timor-Leste, found that information technology use had a positive and significant influence on financial report quality ($\beta = 0.31$, $p < 0.01$). The IFAC (2025) Caribbean report identifies FMIS assessment and upgrading as key pillars of IPSAS implementation, emphasizing that governments must ensure systems can record accrual-based transactions and produce IPSAS-compliant information. Chinedu, Okoye, and Egbunike (2019), studying Nigerian banks during IFRS adoption (a comparable transition), found that system integration issues hindered achievement of desired benefits.

The literature reveals important contradictions regarding which aspects of system readiness matter most. Dias (2024) found that general IT use (hardware availability, software access) was sufficient to improve reporting quality. However, a study by Ahmad and Pasqualina (2022) across 12 developing countries found that general IT infrastructure had no significant association with IPSAS reporting quality; instead, specific accrual accounting functionality (ability to process depreciation, track

payables/receivables, manage fixed asset registers) was the critical differentiator. This suggests that Dias's findings may reflect a low baseline where any IT investment yields return, while in more advanced settings, functionality specificity matters more.

Context strongly conditions the system readiness-reporting quality relationship. In the Caribbean (IFAC, 2025), where many governments were transitioning from cash to modified accrual, system readiness primarily meant upgrading legacy systems. In Timor-Leste (Dias, 2024), where the public sector had minimal prior IT infrastructure, any system investment produced improvements. In the AUC context, the descriptive findings in Chapter Four reveal a paradoxical situation: system integration (M = 4.31) is strong, but technical capacity for accrual accounting complexities (M = 2.89) is weak. This suggests the AUC has prioritized connectivity over functionality - a pattern not captured in existing literature that typically treats system readiness as unidimensional.

Existing studies exhibit three major gaps. First, most measure system readiness as a binary (system present/absent) or unidimensional construct, failing to distinguish between integration, functionality, reliability, and user competence. Second, few studies examine the interaction between system readiness and human competence organizations may have sophisticated systems that staff cannot effectively use. Third, the literature lacks comparative studies across different types of public sector entities (national ministries vs. supranational bodies). This study addresses the first gap by measuring multiple dimensions of system readiness (integration, accrual capability, investment adequacy, reliability) and examining their distinct associations with reporting quality.

H_2: System readiness for IPSAS has a significant positive association with financial reporting quality at the African Union Commission.

2.3.3. Human Competence and Financial Reporting Quality

Human competence refers to the knowledge, skills, and abilities of finance and accounting personnel responsible for preparing IPSAS-compliant financial statements. The adoption of accrual accounting requires not only knowledge of recognition and measurement principles but also the ability to exercise professional judgment in applying principles-based standards.

The literature on human competence reveals the most contradictory findings among the six dimensions. Dias (2024) found that human resource competence did not significantly impact financial reporting quality in Timor Leste an unexpected result explained by the fact that all personnel received

baseline training from the Ministry of Finance, creating a minimum competence floor. However, Dias also found that personnel without financial or accounting educational qualifications continued to face difficulties after training, indicating that training alone cannot compensate for missing foundational knowledge. In contrast, Chol (2025) found that lack of training significantly hindered IPSAS benefits in Juba City Council, while Munezero (2018) identified lack of ongoing training as a key implementation challenge at the AUC. IFAC (2025) lists human capital investment as one of five critical elements for IPSAS success in the Caribbean.

The contradiction between Dias (2024) - finding no significant impact of competence - and Chol (2025) - finding significant impact - can be reconciled by examining methodological and contextual differences. Dias's study had all respondents receive standardized training from the Ministry of Finance, which may have reduced variance in competence (most respondents clustered at moderate levels), making it statistically difficult to detect effects. Chol's study in South Sudan had wider variation in training exposure (some staff trained, others not), allowing detection of competence effects. This suggests that the competence-reporting quality relationship may be non-linear: minimal competence is necessary but not sufficient, and effects are only detectable when competence varies substantially across the sample. Additionally, Dias measured competence through educational qualifications and training completion, while Chol measured perceived ability to apply IPSAS correctly (output measure). This methodological difference likely explains divergent findings.

The relationship between competence and reporting quality varies by the stage of IPSAS implementation. In early implementation stages (e.g., South Sudan, Chol, 2025), basic competence is a binding constraint. In later stages (e.g., Timor-Leste after Ministry of Finance training, Dias, 2024), basic competence is no longer the limiting factor; instead, advanced capabilities (professional judgment, handling complex transactions) become critical. In the AUC context, which has been implementing IPSAS since 2013, the descriptive findings show training provision is adequate ($M = 4.02$) but confidence in professional judgment is low ($M = 2.52$), suggesting the AUC is in the transition from basic to advanced competence needs a stage not well-addressed in existing literature.

The literature on human competence suffers from three limitations. First, most studies use input measures (training hours, certification status) rather than output measures (ability to apply IPSAS correctly, judgment confidence). Second, few studies distinguish between basic technical knowledge and advanced professional judgment capabilities. Third, the literature largely ignores the distinction

between initial training (at adoption) and ongoing professional development (to address staff turnover and emerging issues). This study addresses the second limitation by measuring both technical knowledge (M = 3.54) and judgment confidence (M = 2.52) separately, revealing a gap that existing literature has not systematically examined.

H_3: Human competence in IPSAS has a significant positive association with financial reporting quality at the African Union Commission.

2.3.4. Governance Support and Financial Reporting Quality

Governance support encompasses oversight structures and institutional arrangements that ensure effective IPSAS implementation, including audit committees, internal audit functions, supreme audit institutions, and professional accountancy organizations.

Akinwunmi et al. (2025) found that internal control mechanisms (grand mean = 3.73) and audit committees (grand mean = 3.83) in Ogun State, Nigeria, exceeded acceptable thresholds, suggesting governance support enhances financial reporting quality. Issah and Baah (2025) positioned IPSAS as a regulatory framework that enhances compliance and governance, finding that governments must ensure full IPSAS implementation for financial transparency. Professional bodies, including the Pan African Federation of Accountants (PAFA), have emerged as key players promoting IPSAS implementation across Africa.

While most studies report positive associations between governance support and reporting quality, significant variation exists in which governance mechanisms matter most. In Nigeria (Akinwunmi et al., 2025), audit committees had stronger associations (3.83) than internal control mechanisms (3.73), while in Ghana (Issah & Baah, 2025), external audit quality was the strongest governance predictor. A study by Grossi and Steccolini (2021) across European public sector entities found that governance structure effectiveness depends on organizational culture - audit committees only improve reporting quality when accompanied by a culture of accountability. It suggests that governance mechanisms are not universally effective; their impact depends on complementarity with other organizational factors.

Governance support operates differently in national versus supranational contexts. In national settings (Nigeria, Ghana), governance mechanisms are typically mandated by national legislation and enforced by central audit authorities. In supranational contexts like the AUC, governance structures must satisfy 55 member states with varying accountability standards. The AUC's governance

framework includes an audit committee, internal audit function, and external auditors appointed by member states. The descriptive findings in Chapter Four reveal a critical governance gap: accountability frameworks (M = 4.25) and compliance culture (M = 4.22) are perceived as strong, but internal audit effectiveness (M = 2.70) is critically weak. This pattern - strong formal structures but weak internal enforcement - is not well-documented in existing national-level studies and represents a distinctive feature of supranational governance that this study captures.

Existing studies exhibit three limitations. First, most measure governance support through presence/absence of structures rather than effectiveness perceptions. Second, few studies distinguish between different governance mechanisms (audit committee, internal audit, external audit, professional oversight) to identify which matter most. Third, the literature largely ignores the distinction between governance for adoption (ensuring IPSAS is adopted) versus governance for quality (ensuring reporting quality after adoption). This study addresses the second limitation by measuring multiple governance mechanisms separately (audit committee oversight, internal audit effectiveness, external audit feedback, accountability frameworks, compliance culture) and examining their distinct associations with reporting quality.

H_4: Governance support for IPSAS has a significant positive association with financial reporting quality at the African Union Commission.

2.3.5. Resource Provision and Financial Reporting Quality

Resource provision refers to financial, material, and budgetary support required for effective IPSAS implementation. The transition to accrual-based IPSAS demands significant financial, training, and operational costs, which may strain organizational budgets, particularly in resource-constrained environments.

Vaidya (2020) identifies resource availability as a critical determinant of IPSAS implementation pace and success, noting that timely support from non-finance departments (which often control critical data) is vital. The IFAC (2025) Caribbean report emphasizes that ensuring adequate budgets and funding is a critical pillar, stating that no IPSAS implementation can succeed without adequate financial support. Munezero (2018) identified inadequate training budgets and lack of a permanent technical team as specific resource challenges at the AUC.

The literature reveals disagreement about which types of resources matter most. Vaidya (2020) emphasizes financial resources for systems and consultants, while IFAC (2025) emphasizes budget allocations for training and technical assistance. A study by Ahmad and Pasqualina (2022) across 12 developing countries found that financial resources had no direct association with reporting quality; instead, resource allocation (how resources were spent) mattered more than resource availability (how much was available). It suggests that the resource provision-reporting quality relationship is mediated by resource allocation decisions a nuance lost in studies that measure only total IPSAS budget.

The resource provision-reporting quality relationship varies by implementation stage. In early stages (first 3-5 years after adoption), financial resources for system upgrades and initial training dominate. In later stages (5+ years), resources for maintenance, ongoing training, and staff retention become more important. The AUC adopted IPSAS in 2013, placing it in the later-stage category (11+ years). The descriptive findings show adequate general resource allocation (M = 3.61 for financial resource adequacy) but weak dedicated funding for system maintenance (M = 2.60) and training budgets (M = 3.16). This pattern adequate general resources but underfunded specific categories is not well-captured in existing literature that typically measures global resource adequacy rather than category-specific allocation.

Existing studies suffer from three limitations. First, most measure resource provision as a global construct (overall adequacy) rather than distinguishing between categories (system, training, staffing, consultants). Second, few studies examine the interaction between resource provision and resource allocation decisions organizations may have adequate budgets that are misallocated. Third, the literature largely ignores the distinction between one-time implementation resources and ongoing operational resources. This study addresses the first limitation by measuring multiple resource categories separately (general allocation, training budget, hiring/retention, system maintenance) and examining their distinct associations with reporting quality.

H_5: Resource provision for IPSAS implementation has a significant positive association with financial reporting quality at the African Union Commission.

2.3.6. Implementation Maturity and Financial Reporting Quality

On Implementation maturity relates to the stage of adoption and the experience gained in applying IPSAS standards. The benefits of adopting IPSAS are not immediate but accrue over time as organizations develop expertise, refine systems, and embed new practices into organizational culture.

The International Public Sector Financial Accountability Index (IFAC, 2025) projects that 56 percent of jurisdictions will report on an accrual basis by 2030, implying increasing global maturity. Caribbean jurisdictions are expected to increase full accrual reporting from 23 percent (2023) to 51 percent (2030). Munezero (2018), studying the AUC five years after the 2013 decision, found that while transparency, accountability, and comparability had improved, the process had taken longer than expected, indicating that maturity plays a critical role.

The literature reveals disagreement about how long it takes for maturity benefits to materialize. In the Nigerian banking sector (Chinedu et al., 2019), benefits became visible within 2-3 years after adoption. In the AUC (Munezero, 2018), benefits were still incomplete after 5 years. In Caribbean jurisdictions (IFAC, 2025), the transition from cash to full accrual is projected to take 7-10 years. These differences likely reflect contextual factors: the banking sector (Chinedu et al.) already had accrual accounting experience (IFRS for banks), so the transition was smaller; the AUC and Caribbean governments were transitioning from cash basis, requiring more fundamental changes. Methodologically, cross-sectional studies (which dominate the literature) cannot measure maturity effects because they capture only one point in time. Longitudinal studies (rare in this literature) are needed to observe how reporting quality changes as maturity increases.

The maturity-reporting quality relationship likely follows a non-linear pattern: early stages (years 1-3) involve learning curves and disruption; middle stages (years 4-7) show gradual improvement; advanced stages (years 8+) show stabilization at higher quality levels. The AUC has been implementing IPSAS for 11+ years (since 2013), yet the descriptive findings show implementation maturity is the lowest among all six dimensions ($M = 2.76$), with particular weakness in process embedment ($M = 2.24$) and comparability to leading organizations ($M = 2.41$). This suggests the AUC is not following the expected maturity trajectory—a finding that contradicts Munezero's (2018) expectation that benefits would accumulate over time and indicates that time alone is insufficient; deliberate efforts to embed practices are necessary.

The literature on implementation maturity exhibits three major limitations. First, most studies are cross-sectional, making it impossible to observe how reporting quality changes with increasing maturity. Second, existing longitudinal studies (e.g., Chinedu et al., 2019) focus on private sector (banks) or national public sectors, not supranational organizations. Third, the literature lacks benchmarks for "normal" maturity trajectories against which specific organizations can be compared. This study addresses the first limitation by acknowledging the cross-sectional design as a limitation (see Chapter Five) and the third limitation by comparing AUC maturity perceptions (M = 2.76) against the expectation that 11+ years of adoption should produce higher maturity.

H_6: Implementation maturity of IPSAS adoption has a significant positive association with financial reporting quality at the African Union Commission.

2.4. Research Gap

Although there is a wealth of empirical work concerning IPSAS adoption across Africa and in other parts of the world, there are a number of specific research gaps concerning the AUC, particularly related to this particular supranational organization.

Contextual gap: Research usually examines the adoption of IPSAS in national/local governments (e.g., Nigeria, Kenya, Tanzania, Ethiopia). In contrast, the unique context of the AUC characterized by 55 member states, multiple sources of funding, and complex institutional arrangements has received little consideration. Despite the findings of previous studies on audit reports pointing out the problems with financial reporting within the AUC, there is no systematic investigation of these problems as they relate to IPSAS adoption.

Methodological gap: The majority of research relies on cross-sectional designs and does not examine IPSAS adoption longitudinally or with a mixed-methods approach that would shed light on the evolving dynamics and progress in improving the quality of financial reporting during implementation of IPSAS.

Theoretical gap: Previous work typically focuses on IPSAS adoption as a technical exercise, overlooking institutional theories of public financial management which pay attention to the role of governance, institutional capabilities, and organizational legitimacy. Few attempts have been made to analyze the adoption of IPSAS in the light of theories such as NPM theory, Institutional theory, and the Resource-based view.

Analytical gap: Most of the available research analyzes IPSAS adoption through the lens of one variable. There is a lack of empirical investigation of how the interactions of multiple institutional dimensions, including policy commitment, system readiness, human capabilities, governance support, resource provision, and implementation maturity affect financial reporting quality in the case of the AUC.

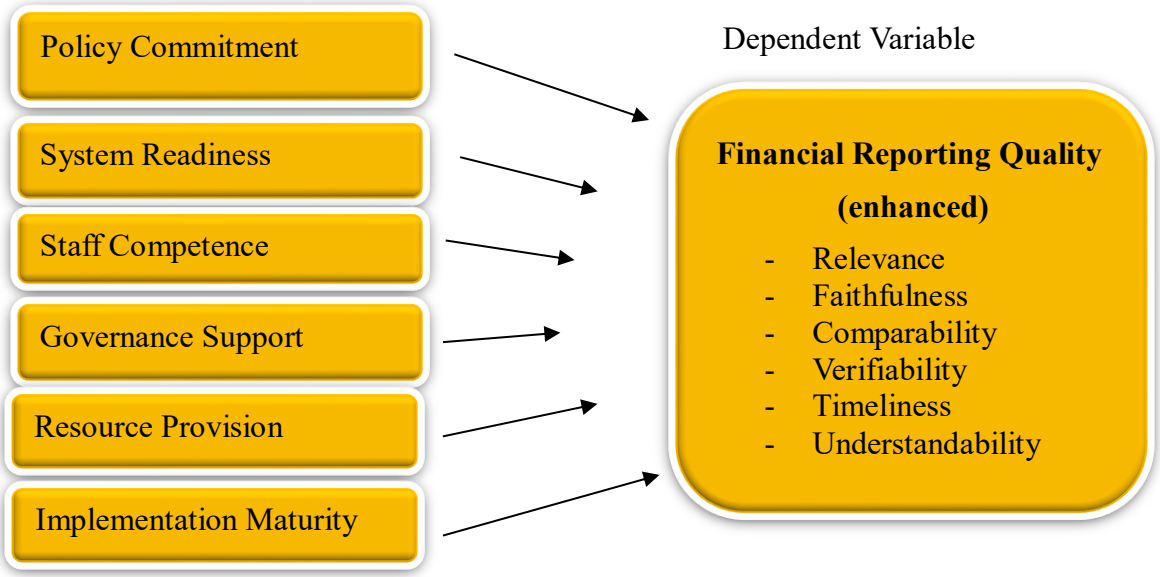
2.5. Conceptual Framework and Hypothesis Formulation

This study aims to examine the role of six aspects of IPSAS adoption as determinants of financial reporting quality at the African Union Commission. The conceptual framework of the study argues that the six aspects of IPSAS adoption, namely, policy commitment, system readiness, human competence, governance support, resource provision, and implementation maturity, play a role as determinants of financial reporting quality, as measured by the qualitative characteristics of financial reporting - relevance, faithfulness, comparability, verifiability, timeliness, and understandability.

The conceptual framework of the study has been guided by the theoretical foundations of IPSAS adoption, as presented in the theories of New Public Management, Institutional Theory, Agency Theory, and Legitimacy Theory. The New Public Management theory provides the rationale for the role of the implementation of accrual accounting as a determinant of financial reporting quality. The Institutional Theory provides the rationale for IPSAS adoption, as well as the role of isomorphic pressures on the IPSAS implementation process. The Agency Theory provides the rationale for the role of financial reporting as a determinant of Principial-Agent relationships. The Legitimacy Theory provides the rationale for the role of IPSAS adoption, despite the implementation difficulties.

The conceptual framework of the study has also been guided by previous studies on the measurement of financial reporting quality, as presented by Beest, Braam, & Boelens (2009). The six independent variables of IPSAS adoption have been guided by the empirical literature, as presented in the studies reviewed in the previous sections of the chapter, which have consistently shown the aspects of IPSAS adoption as critical success factors of IPSAS implementation, as presented in the studies of Vaidya (2020), IFAC (2025), Dias (2024), Akinwunmi et al. (2025), Issah & Baah (2025), Munezero (2018).

Figure 1: Conceptual Framework



(Source: Adopted from Beest, Brian & Boelens, 2009 and informed by IPSASB Conceptual Framework, 2018)

Based on the theoretical foundations and empirical literature reviewed, the following hypotheses are formulated to guide this study:

- H_1: Policy commitment to IPSAS has a significant positive effect on financial reporting quality at the African Union Commission.
- H_2: System readiness for IPSAS has a significant positive effect on financial reporting quality at the African Union Commission.
- H_3: Human competence in IPSAS has a significant positive effect on financial reporting quality at the African Union Commission.
- H_4: Governance support for IPSAS has a significant positive effect on financial reporting quality at the African Union Commission.
- H_5: Resource provision for IPSAS implementation has a significant positive effect on financial reporting quality at the African Union Commission.
- H_6: Implementation maturity of IPSAS adoption has a significant positive effect on financial reporting quality at the African Union Commission.

CHAPTER THREE: RESEARCH METHODOLOGY

This chapter outlined the research methodology that was used in examining the effect of International Public Sector Accounting Standards (IPSAS) adoption on financial reporting quality at the African Union Commission. The research methodology included an explanation of the research approach, research design, population size, sampling methods, data sources, data collection instruments and procedures, data analysis procedures, and other relevant issues that were taken into account in this research. The chapter was organized in such a manner that it captured methodological issues and how they were addressed in this research in order to achieve the research objectives, which were to examine how policy commitment, system readiness, human competence, governance support, resource provision, and implementation maturity influenced financial reporting quality.

3.1. Research Design

For the purpose of conducting this research and to examine the influence of the African Union Commission's IPSAS adoption dimensions on financial reporting quality, this research study intended to adopt an explanatory research design. Explanatory research design was considered appropriate for testing cause-and-effect relationships between variables and was particularly appropriate for research that attempted to explain the nature and extent of relationships that existed between independent and dependent variables (De Vaus, 2014; Kothari, 2004).

This research design was appropriate because it offered a structured blueprint that could guide the integration of different components of this research study. By adopting this research design, it was possible to ensure methodological consistency and empirical rigor. The explanatory research design was considered appropriate for this research study because it could help validate the empirical existence of differences in financial reporting quality as a result of improvement in the six IPSAS adoption dimensions: policy commitment, system readiness, human competence, governance support, resource provision, and implementation maturity.

This research design was appropriate because it was different from other research designs such as exploratory and descriptive research designs. While those research designs focused on hypothesis generation and describing trends, explanatory research design was appropriate for hypothesis testing. By adopting this research design and using structured research techniques such as multiple linear regression analysis, it was possible to quantify the strength of relationships that existed between each

of the IPSAS adoption dimensions and financial reporting quality. Explanatory research design was strategically appropriate because it could help this research study achieve the desired analysis that could help the African Union Commission and its constituent states as well as other intergovernmental organisations that might adopt IPSAS-based financial reporting systems.

3.2. Research Approach

This study employed a quantitative research design in examining the relationship between IPSAS adoption dimensions and financial reporting quality at the African Union Commission. This research approach was used based on the need for validating and measuring research variables in conformance with the deductive logic used in quantitative research (Saunders, Lewis, & Thornhill, 2019).

The quantitative research approach provided this study with the necessary platform for collecting and analyzing structured numerical data from finance and accounting practitioners at the African Union Commission. This research approach was most appropriate for this study because it provided the necessary platform for validating and measuring research variables in conformance with quantitative research requirements (Bryman & Bell, 2015). The research purpose and objectives were also most appropriately addressed in this study because they were geared towards examining the effect of six independent research variables on a dependent research variable, which was most appropriately addressed using multiple linear regression analysis that required quantified research data amenable to mathematical analysis.

This research approach also helped in eliminating researcher bias and in generalizing research findings because it provided this study with the necessary platform for quantifying research findings in conformance with quantitative research requirements. Unlike qualitative research, this research approach focused on quantification and reproducibility in conformance with quantitative research requirements (Punch, 2013). This research approach also helped in addressing the problem of assessing financial reporting quality because it provided this study with the necessary platform for quantifying subjective financial reporting practices using quantified research constructs operationalized using validated scales.

Overall, the decision to adopt a quantitative strategy was justified by its ability to produce evidence-based insights, reinforce methodological consistency, and align with the empirical goal of examining how IPSAS adoption dimensions contributed to financial reporting quality within the African Union Commission.

3.3. Sources of Data

Data for this research were collected from primary sources, owing to their potential to provide fresh and authentic insights into the subject. The use of primary data ensured the relevance and accuracy of the data collected for the purpose of this research. The data were collected systematically from finance and accounting professionals at the African Union Commission, who played critical roles in IPSAS-based financial reporting and operational decision-making, thus being instrumental in understanding organisation-specific IPSAS implementation challenges and outcomes.

The use of primary data provided a range of advantages, including direct applicability to the research, accuracy, and depth of detail. The use of the survey method was made to collect authentic data on IPSAS adoption practices, challenges, and effects on financial reporting. The use of primary data provided greater control over variables, thus ensuring the minimization of biases, if any, which could arise from secondary sources.

In addition, secondary source was conducted on financial statements, annual reports, and IPSAS implementation progress reports of the African Union Commission to supplement the findings based on the survey conducted. The use of secondary source provided an understanding of the African Union Commission's reporting practices and levels of compliance with IPSAS. The secondary source (not data) provided historical perspective on IPSAS implementation, which was adopted by the African Union Commission in 2013.

3.4. Study Population

The focus of the study was on the African Union Commission, which is the executive and administrative organ of the African Union. It was the one that handled intricate financial operations, including the collection of contributions from the fifty-five member states, as well as other partners and donors. The African Union adopted IPSAS in January 2013. It was mandated to do so by the Executive Council and was endorsed by the Assembly of the African Union. It had had observer status with the IPSASB since 2018 (African Union, 2020).

The population of the proposed study comprised finance and accounting experts within the African Union Commission who were actively involved in the preparation, review, and application of IPSAS-based financial statements. These included finance directors, head of divisions, head of units, finance

officers, assistant accountants, internal auditors, and other individuals whose work required the application of IPSAS in the course of performing their duties.

According to the African Union Commission's organisational structure and human resources department, the department of finance, regional offices, liaison offices, organs and other directorates with financial responsibilities employed approximately 415 professionals who were actively engaged in various financial and accounting operations (African Union, 2025). These individuals had the technical expertise and operational knowledge to provide valuable insights on the application of IPSAS and its implications on financial reporting quality. Finance and accounting experts were deemed the most appropriate population for the proposed study due to their direct involvement and application of IPSAS. These experts had the requisite knowledge of the challenges and advantages of IPSAS and could evaluate the quality of financial reporting outputs. Their expertise and involvement in financial management made them the most suitable population for the proposed study.

3.5. Sample Size

Sampling was the process of selecting a number of study units from a defined study population (Zikmund, Babin, Carr, & Griffin, 2013). It was economical to take a representative sample for the intended investigation when conducting a census of the entire population was unrealistic due to time, cost, and accessibility constraints. Since the number of the population (approximately 415 finance and accounting professionals at the African Union Commission) was known, a simplified formula for proportion sample size was determined using the formula specified by Yamane (1967). Therefore, the formula to determine the sample size was:

$$\boldsymbol{n = \frac{N}{1+Ne^2} = \frac{415}{1+(415*0.05^2)} \cong 204}$$

Where:

N = Total number of population (415)

e = Maximum variability or margin of error 5% (0.05)

n = Computed sample size

Nonetheless, compensating for non-response rate was critical in order to maintain integrity in the data and ensure representative findings in the study. Previous studies in similar contexts in public sector settings indicated that approximately 10-15% non-response rate was expected in this study (Dias,

2024; Issah & Baah, 2025). In addition to sending reminders, follow-up emails, or calls to encourage responses and reduce non-response rate, it was proposed that a total of 10% of the total sample size would be added for compensating for non-response rate. Hence, the new sample size for this study also included approximately 224 (=1.1 * 204) to be sampled from the sampling frame of finance and accounting experts in the African Union Commission.

3.6. Sampling Technique

A stratified random sampling technique was applied to select respondents from the sampling frame. Stratified random sampling was a probability-based sampling technique in which the population was divided into subgroups or strata based on certain characteristics. Then, respondents were randomly selected from each stratum. Stratified random sampling was a technique for improving representativeness in a sample. It was useful for improving representativeness when all major professional categories involved in IPSAS application were to be included in the sample.

Strata were based on professional roles in the African Union Commission's finance-related departments. These roles included financial managers, senior accountants, budget officers, internal auditors, and other staff whose professional roles demanded understanding and application of IPSAS in their daily activities. By stratifying the population in such a manner, the study was able to obtain insights from all categories of professionals. In other words, all relevant strata were included in the study, thus improving the validity of findings.

Respondents were randomly selected from each stratum in a proportionate number to the size of the stratum. In other words, strata were represented in a proportionate number to their sizes. This improved representativeness in the sample. It helped to minimize sampling bias. It enabled a meaningful comparison between strata.

Table 1. Proportional Allocation of Respondents (n = 224)

Stratum (Professional Role)	Population (N)	Estimated Prop. (a = N/415)	Sample Size (n = a*224)
Finance Directors & Head of Divisions	46	11%	25
Head of Units & Senior Finance Officers	141	34%	76
Finance Officers	71	17%	38
Internal auditors & board of external audit staffs	42	10%	22
Other IPSAS-related Personnel like Assistant accountant	116	28%	63

Total	415	100%	224

(Source: African Union Commission Database, 2025)

3.7. Data Collection Instrument

For the collection of structured data on the influence of the IPSAS adoption dimensions on financial reporting quality, this research study intended to use a structured questionnaire as the main method of data collection. The use of this method was to ensure consistency and clarity of the data collected and to ensure replicability of the research findings across different respondents within the African Union Commission's finance and accounting department. The use of this method was also to ensure consistency and clarity of the data collected and to ensure replicability of the research findings (Hair et al., 2019; DeVellis, 2017).

The structured questionnaire that this research intended to use as its main method of data collection was developed through rigorous review of the IPSAS literature and other existing validated scales of measurement that had been used in previous research on public sector accounting (Beest et al., 2009). Beest et al. (2009) developed a research instrument for use in collecting data on the qualitative financial reporting attributes of companies according to the IASB conceptual framework. The research instrument was adapted for use in public sector accounting research in later research (Dias, 2024; Issah & Baah, 2025). The research instrument was divided into three main parts:

Section A comprised questions to collect respondents' demographic and organisational information, such as years of experience, educational qualifications, professional certifications, and departmental affiliation in the African Union Commission.

Section B comprised items to measure the six independent variables for each dimension of IPSAS adoption: policy commitment, system readiness, human competence, governance support, resource provision, and implementation maturity. The items were based on established scales in previous studies (Vaidya, 2020; IFAC, 2025; Dias, 2024; Akinwunmi et al., 2025).

Section C comprised items to measure financial reporting quality, defined as having six qualitative characteristics as identified in the conceptual framework developed by IPSASB: relevance, faithful representation, comparability, verifiability, timeliness, and understandability (IPSASB, 2018). The items were based on Beest et al. (2009) and modified to suit the context of the African Union Commission.

The responses were recorded using a Likert scale with 5 points ranging from '1 – Strongly Disagree' to '5 – Strongly Agree'. This facilitated in-depth analysis of respondents' perceptions regarding IPSAS adoption and six qualitative characteristics for measuring financial reporting quality. The structured scale allowed for objective analysis, eliminating subjective interpretation of responses.

As data were self-reported, potential bias from respondent subjectivity was acknowledged and was mitigated through scale balancing, instrument pre-testing, and inclusion of multiple items per construct to enhance reliability. The questionnaire's standardised format contributed to the study's methodological integrity, ensuring that the relationship between IPSAS adoption dimensions and financial reporting quality could be empirically analysed using robust statistical methods.

3.8. Data Collection Procedure

In order to collect empirical data to determine how different dimensions of IPSAS adoption affected financial reporting quality, this study utilized a structured approach to data collection, targeting finance and accounting professionals within the African Union Commission headquarters in Addis Ababa, Ethiopia.

The structured approach to data collection was initiated through acquiring formal permission from the African Union Commission's Department of Finance and all relevant authorities to administer the study instrument to all qualified employees within the organization. Upon acquiring formal permission from all relevant bodies, this study then administered self-reported questionnaires to all finance and accounting professionals within the organization who were qualified to participate in this study based on their involvement in IPSAS-based financial reporting.

The study instrument was administered to all respondents with standardized content and in an identical form to all respondents to ensure consistency in measuring responses from different individuals within the organization. The study instrument was administered in both physical form during scheduled visits to all departments within the AUC headquarters and, if possible, in digital form via email to all respondents who preferred to complete the study instrument electronically.

Each study instrument was accompanied by a clear briefing note explaining the purpose, confidentiality, estimated time to complete (approximately 15 to 20 minutes), and how to return the completed study instrument to the researcher. Each study instrument was given to respondents to complete within two to three weeks, with reminders sent via email and departmental contacts to

encourage respondents to participate in this study, thus reducing non-response bias. The study instrument was self-reported, thus exposing this study to subjective bias, which was controlled through ensuring all respondents received an identical study instrument to complete, thus ensuring consistency in measuring responses from different respondents within this study.

The structured approach to collecting data was useful in ensuring consistency in measuring responses from different respondents, thus meeting this study's objective of producing reliable statistical results regarding the relationship between IPSAS adoption dimensions and financial reporting quality within the African Union Commission.

3.9. Data Analysis and Presentation

In order to examine the impact of the African Union Commission's adoption of the IPSAS adoption dimensions on the quality of financial reporting, descriptive and inferential statistical analysis techniques were employed. The data gathered through the questionnaire were entered into the Statistical Package for Social Sciences (SPSS) software program in order to enable the analysis and increase the reliability of the study findings.

Descriptive statistical analysis was carried out in order to calculate the frequencies, percentages, mean scores, and standard deviations in order to describe the characteristics of the respondents and gain an initial understanding of the responses gathered in relation to the variables included in the study. The descriptive analysis enabled the researcher to gain a basic understanding of the perceptions and knowledge of the finance and accounting staff at the African Union Commission regarding the adoption of IPSAS and the quality of financial reporting.

Inferential statistical analysis was carried out in order to test the hypotheses and establish the causal relationships between the independent variables and the dependent variable. The independent variables were the six dimensions of the IPSAS adoption process, and the dependent variable was the quality of financial reporting. Pearson correlation coefficients were calculated in order to measure the strength and direction of the linear relationships between the quality of financial reporting and the six dimensions of the IPSAS adoption process. Assumption tests were carried out in order to test the validity of the data in relation to the regression analysis.

Multiple linear regression analysis was carried out in order to test the predictive power of the six dimensions of the IPSAS adoption process in relation to the quality of financial reporting. This

statistical analysis technique was suitable in this study since the researcher aimed to examine the impact of the independent variables on the dependent variable and the entire set of independent variables on the dependent variable, as noted by Tabachnick and Fidell (2019).

- **Variable Measurement**

The study variables (both independent and dependent variables) are measured in such a way that:

Dependent Variable:

Financial Reporting Quality (FRQ) – Financial reporting quality is conceptualised through the six qualitative characteristics identified in the IPSASB conceptual framework (IPSASB, 2018): relevance, faithful representation, comparability, verifiability, timeliness, and understandability. The variable will be measured as a composite score based on respondent assessments of items capturing each characteristic, adapted from Beest et al. (2009).

Independent Variables:

- **Policy Commitment to IPSAS** – Measured by items assessing the extent to which African Union Commission leadership demonstrates sustained dedication to IPSAS implementation through formal policies, strategic direction, and enforcement mechanisms.
- **System Readiness for IPSAS** – Measured by items assessing the adequacy of financial management information systems, technology infrastructure, and software applications required to support IPSAS-based accounting and reporting.
- **Human Competence in IPSAS** – Measured by items assessing the knowledge, skills, and abilities of finance and accounting personnel responsible for preparing financial statements in accordance with IPSAS.
- **Governance Support for IPSAS** – Measured by items assessing the oversight structures, accountability mechanisms, and institutional arrangements that ensure IPSAS implementation proceeds effectively, including audit committees, internal audit functions, and professional oversight.
- **Resource Provision for IPSAS** – Measured by items assessing the financial resources, material support, and budgetary allocations available for successful IPSAS implementation, including investments in systems, training, consultants, and ongoing operational support.

- **Implementation Maturity of IPSAS Adoption** – Measured by items assessing the stage of IPSAS adoption and the length of experience the African Union Commission has with applying the standards, recognising that benefits accrue over time as organisations develop expertise and embed new practices.

All independent and dependent variables were measured on a 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). Mean scores for each construct were computed by averaging responses to individual items.

- **Model Specification:**

The model specification aimed to assess how the six IPSAS adoption dimensions influenced financial reporting quality at the African Union Commission. The analysis included model summary (coefficient of determination - R^2 value), F-statistic for overall model significance, p-values for the significance of each relationship, and regression coefficients (Beta coefficients). To evaluate the relationship, the multiple linear regression analysis for testing the formulated hypotheses was specified as:

$$FRQ = \beta_0 + \beta_1 PC + \beta_2 SR + \beta_3 HC + \beta_4 GS + \beta_5 RP + \beta_6 IM + \varepsilon$$

Where:

FRQ = Financial Reporting Quality

PC = Policy Commitment to IPSAS

SR = System Readiness for IPSAS

HC = Human Competence in IPSAS

GS = Governance Support for IPSAS

RP = Resource Provision for IPSAS

IM = Implementation Maturity of IPSAS Adoption

β_0 = Constant term; β_1, β_2, β_3, β_4, β_5, β_6 = Coefficient terms, ε = Error term

The regression analysis tested the six hypotheses formulated in Chapter Two. Hypotheses were tested at the 0.05 significance level, with p-values less than 0.05 indicating statistical significance. The coefficient of determination (R^2) indicated the proportion of variance in financial reporting quality explained by the six independent variables collectively.

3.10. Validity Test

Validity was the degree to which the instrument measured what it claimed to measure (Creswell, 2014). To establish the content validity of the instrument, the contents of the questionnaire were carefully reviewed and revised to enhance its credibility. This was done with the help of experts, including academic supervisors specialising in public sector accounting, senior finance experts from intergovernmental organisations, and IPSAS implementation experts. These experts added credibility to the questionnaire and made it more suitable for the intended research purpose. Their expertise helped to ensure that the questions on the questionnaire aligned with the intended research purpose and measured the dimensions of IPSAS adoption and financial reporting quality characteristics effectively within the African Union Commission context.

Construct validity was ensured by establishing that the items measuring the variable were derived from validated scales used in previous studies. The items on the proposed instrument were derived from Beest et al. (2009), which developed and validated scales for measuring qualitative financial reporting characteristics. Other studies on IPSAS (Dias, 2024; Akinwunmi et al., 2025; Issah & Baah, 2025) had tested similar variables and constructs on public sector organisations.

To pre-test the validity and understandability of the proposed instrument, a pilot study was conducted with 30 finance and accounting experts from regional intergovernmental organisations similar to the African Union Commission but excluded from the main sample.

3.11. Reliability Test

Reliability was a measure of consistency and stability in the results and was a reflection of the consistency of the measurement tool in producing comparable outcomes in comparable situations (Pallant, 2020). In this study, the reliability of the research tool was evaluated using the Cronbach's Alpha Coefficient, which measured the consistency of the tool in measuring the variables of interest. The values of the Cronbach's Alpha (α) coefficient were always within the range of 0 and 1, and the higher the value, the higher the reliability of the tool (Hair et al., 2019). Scales whose alpha values were between 0.60 and 0.70 were considered acceptable, and a value of 0.70 and above was considered good (Hair et al., 2019).

Table 2. Reliability Test Results

Construct	No. of Items	Cronbach's Alpha

Policy Commitment	5	.803
System Readiness	5	.811
Human Resource Competence	5	.785
Governance Support	5	.789
Resource Provision	5	.786
Implementation Maturity	5	.769
Financial Reporting Quality (IPSAS)	6	.798
Overall Reliability	36	.922

Source: Own Survey, 2026

The results of Cronbach's Alpha coefficient for each of the variables were presented in Table 2. All coefficients were above 0.70, which was acceptable in establishing a reliable measure. System readiness emerged as the most reliable dimension (.811), followed by policy commitment (.803), and financial reporting quality (.798). The rest of the variables, such as human competence (.785), resource provision (.786), governance support (.789), and implementation maturity (.769), also emerged as reliable. The overall reliability coefficient of 36 variables was .922. This was an excellent measure of overall reliability. The high overall reliability coefficient of .922 implied internal consistency, which in turn suggested that subsequent regression analysis results would be methodologically sound. This implied that the survey instrument was reliable in measuring all variables, which in turn confirmed its suitability in establishing a relationship between variables of IPSAS adoption and financial reporting quality in the African Union Commission.

3.12. Ethical Considerations

This study was conducted in accordance with the ethics of research on human subjects, which protected the rights, dignity, and welfare of all the participants involved (Resnik, 2020; Israel & Hay, 2006). This was ensured by obtaining the participants' informed consent to the research, which was voluntary and could be withdrawn at any stage. The responses were anonymous, and no identifying information was collected. The approval for the research was sought from the relevant authorities of the African Union Commission. Academic integrity was maintained while conducting the research and reporting the results. This was ensured by citing the sources of the data and information used, and the limitations of the research were clearly stated to make it credible.

CHAPTER FOUR: DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

This chapter is dedicated to the presentation, analysis, and interpretation of the findings in a narrative format. The analysis has been conducted in a way that is useful for both descriptive and inferential analysis. Descriptive analysis involves the presentation of the demographic profile of respondents, whereas inferential analysis involves correlation tests, tests for assumptions of linear regression, and multiple regressions to test the six research hypotheses developed in the literature review.

4.1. Response Rate

Table 3. Response Rate

Questionnaire	Frequency	Percentage (%)
Total Distributed	224	100.0%
Unreturned Questionnaire	15	6.7%
Returned Questionnaire	209	93.3%
Response Errors	0	0.0%
Total Valid and Usable Questionnaires	209	93.3%

Source: Own Survey, 2025

As indicated in Table 3, response rate has been a key factor in ensuring research reliability, as well as the involvement of research participants. A total of 209 questionnaires were returned, out of a total of 224 questionnaires distributed. In most cases, a response rate of over 70% is considered reliable, whereas a rate of over 80% is considered highly satisfactory. In this study, a high response rate of 93.3% has been achieved, which minimizes non-response bias, a factor that could have affected research validity. A high response rate is a key factor in increasing research validity, a factor that is essential for a wide audience, particularly finance professionals at the African Union Commission.

4.2. Demographic Characteristics of Respondents

The demographic information of respondents is presented in terms of gender, age distribution, educational level, professional training, work experience, and position level. All of these variables are relevant for a better understanding of the dynamics of IPSAS adoption and financial reporting quality at the African Union Commission.

Table 4. Demographic Characteristics of Respondents

Characteristic	Category	N	Percentage (%)
Gender	Male	135	64.6
	Female	74	35.4
	Total	**209**	
Age Distribution	20 – 30 years	31	14.8
	30 – 45 years	115	55.0
	45+ years	63	30.1
	Total	**209**	
Educational Level	Bachelor's	125	59.8
	Masters	73	34.9
	Others (Diploma)	11	5.3
	Total	**209**	
Professional Training	Trained	146	69.9
	Not trained	63	30.1
	Total	**209**	
Work Experience	Less than 5 years	43	20.6
	5-10 years	87	41.6
	More than 10 years	79	37.8
	Total	**209**	
Position Level	Junior	44	21.1
	Mid-level	87	41.6
	Senior	78	37.3
	Total	**209**	**100.0**

Source: Own Survey, 2026

From the results shown in table 4, out of 209 participants, 64.6% of the respondents were male, while 35.4% of the respondents were female. This indicates that the finance and accounting department of the AUC has a majority of male professionals compared to females. This is consistent with the general trend in public sector accounting positions in many organizations.

In terms of age distribution, 55.0% of the sample population fell in the 30-45 years bracket, which is the highest percentage in this study. A further 30.1% were above 45 years, while 14.8% were in the 20-30 years bracket. This indicates that the population in the finance department at AUC is mature with most in their prime years for maximum productivity. The high percentage of experienced professionals in this study, with 85.1% aged 30 years and above, also indicates that perceptions are based on knowledge gained with time, which is important in determining the applicability of this study in understanding long-term dynamics in IPSAS implementation.

In terms of educational level, 59.8% had a Bachelor's degree, 34.9% had a Master's degree, while 5.3% had a Diploma or Certificate. The high level of education in this study is important since this is likely to have a significant effect in determining the applicability of IPSAS standards in this organization. The high number of postgraduate students in this study, with 40.2% having a Master's or a Diploma or Certificate, indicates that this is not likely to be a limiting factor in IPSAS implementation in this organization, with attention likely to focus on resource-based factors in determining reporting quality.

On professional training in IPSAS, 69.9% had received training in IPSAS, while 30.1% had not received training in IPSAS. The study is important in this aspect since coverage is a key determinant in successful IPSAS implementation. The fact that one-third of those who responded had not received IPSAS training is a potential gap that could have a bearing on financial reporting quality. The training coverage is thus another important aspect that needs strategic attention in order to increase confidence in exercising professional judgment (M = 2.52, as shown later in this report).

On work experience, 41.6% had 5-10 years of experience, 37.8% had more than 10 years of experience, while 20.6% had less than 5 years of experience. The fact that 79.4% had more than 5 years of experience is important for AUC since only experienced people can understand complex accounting transactions and can apply IPSAS standards correctly. The study found that AUC had retained experienced personnel in this study, which is important for successful IPSAS implementation maturity; however, this is not reflected in this study since the scores were very low (M = 2.76).

On position level, 41.6% were mid-level staff, 37.3% were senior staff, while 21.1% were junior staff in their respective organizations. The study is important in this respect since it gathered data from all levels in the finance directorate in AUC, which is important in getting a comprehensive view of IPSAS implementation challenges and successes in AUC. The fact that 78.9% were from mid-level

and senior staff is important since this study is likely to reflect perceptions from those who make decisions in their respective firms, which is important in policy commitment and governance support.

4.3. Description of Study Variables

The descriptive analysis centers on the extent to which the six IPSAS adoption dimensions of policy commitment, system readiness, human competence, governance support, resource provision, and implementation maturity impact financial reporting quality at the African Union Commission. In order to get a holistic view of the responses from the respondents, the extent to which they agree with each of the statements was calculated using a five-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree). The mean was calculated for each statement using the following classification: Strongly Disagree (1.00-1.80), Disagree (1.81-2.60), Neutral (2.61-3.40), Agree (3.41-4.20), Strongly Agree (4.21-5.00). Additionally, the deviation (SD) was calculated to indicate the extent of variation.

4.3.1. Policy Commitment

Table 5. Descriptive Statistics for Policy Commitment

Statement	Mean	Std.
The African Union Commission (AUC) leadership consistently demonstrates a strong commitment to full IPSAS compliance.	2.95	1.913
There are clear, well-communicated policies mandating IPSAS compliance across all financial activities.	4.31	1.452
The strategic importance of IPSAS for transparency and accountability is regularly emphasised by top management.	4.22	1.566
Management actively enforces compliance with IPSAS requirements, even when challenging.	3.72	1.850
The AUC's long-term financial strategy is closely aligned with IPSAS principles.	3.54	1.909
Average	3.75	1.307

Source: Own Survey, 2026

The descriptive results in Table 5 show that the overall average for policy commitment is 3.75 (SD = 1.307), indicating moderate agreement among respondents that IPSAS compliance is embedded in organizational culture. The highest score relates to the clarity and communication of IPSAS policies (M = 4.31, SD = 1.452), suggesting that formal compliance requirements are well documented and circulated across the Commission. This reflects the AUC’s institutional strength in policy formulation, where rules are codified and communicated, even if enforcement varies. Similarly, the

emphasis placed by management on IPSAS as a tool for accountability and transparency (M = 4.22) highlights the rhetorical commitment of leadership to international standards.

By contrast, the lowest score concerns leadership demonstration of commitment (M = 2.95, SD = 1.913), pointing to a gap between policy rhetoric and visible leadership action. This aligns with audit findings that note delays in financial reporting and inconsistent enforcement of IPSAS requirements across departments, suggesting that leadership commitment is uneven in practice. The moderate scores for policy enforcement (M = 3.72) and strategic alignment (M = 3.54), coupled with relatively high variability (SDs above 1.8), further indicate that while some departments actively enforce IPSAS, others lag behind, reflecting institutional fragmentation within the AUC.

Taken together, the descriptive analysis suggests that while IPSAS policies are clearly articulated and valued rhetorically, their consistent enforcement and leadership demonstration remain weak points. This institutional reality strong policy communication but uneven leadership follow through helps explain why IPSAS adoption at the AUC has produced mixed outcomes, and sets the stage for deeper inferential analysis of how policy commitment influences reporting quality.

4.3.2. System Readiness

Table 6. Descriptive Statistics for System Readiness

Statement	Mean	Std.
The current Financial Management Information System (FMIS) adequately supports all IPSAS accounting and reporting requirements.	3.41	1.927
Our IT systems are capable of handling the complexities of accrual accounting	2.89	1.875
The AUC has invested sufficiently in upgrading technology to facilitate IPSAS implementation.	3.85	1.769
System integration allows for seamless data flow from various departments into the central financial reporting system.	4.31	1.429
The technology infrastructure is reliable and minimizes errors in financial data processing for IPSAS reporting.	3.65	1.852
Average	3.62	1.342

Source: Own Survey, 2026

The overall mean score for system readiness was 3.62 (SD = 1.342), reflecting moderate agreement among respondents but with notable variation across different aspects of system capacity. The

strongest perception relates to system integration (M = 4.31, SD = 1.429), suggesting that the AUC has achieved a relatively seamless flow of financial data across departments into the central reporting system. This finding aligns with institutional realities where integration has been prioritized to ensure consolidated reporting, a prerequisite for IPSAS compliance.

By contrast, the lowest score concerns the capability of IT systems to handle accrual accounting (M = 2.89, SD = 1.875). This indicates limited confidence in the ability of current systems to manage complex IPSAS requirements such as asset depreciation and liability recognition. The high variability further suggests that while some units may have adequate tools, others remain under-equipped, reflecting uneven technological readiness across the Commission.

Moderate scores for investment in IT upgrades (M = 3.85, SD = 1.769) and infrastructure reliability (M = 3.65, SD = 1.852) point to partial progress in strengthening technology, but the wide standard deviations highlight inconsistent perceptions across departments. This inconsistency mirrors audit observations of uneven resource allocation and fragmented modernization efforts within the AUC.

Overall, the descriptive analysis reveals a paradox: while integration is perceived as strong, the core system capacity for accrual accounting remains weak, undermining the effectiveness of IPSAS implementation. This reflects an institutional reality where investments have focused on connectivity rather than upgrading the underlying system capabilities required for full compliance. These descriptive insights underscore the need for deeper inferential analysis to determine how system readiness influences financial reporting quality.

4.3.3. Human Resource Competence

Table 7. Descriptive Statistics for Human Resource Competence

Statement	Mean	Std.
Finance and accounting staff possess the necessary technical knowledge to apply IPSAS correctly	3.54	1.800
The AUC provides adequate, ongoing training programs to keep staff updated on IPSAS requirements	4.02	1.639
Staff are confident in exercising professional judgement required for complex IPSAS transactions	2.52	1.760
There are enough qualified professionals within the finance team to handle the IPSAS workload effectively	4.23	1.521

Staff competency has significantly improved since the initial adoption of IPSAS in 2013	3.75	1.778
Average	3.61	1.249

Source: Own Survey, 2026

As shown in Table 7 below, the overall mean for human resource competence was found to be 3.61 (SD = 1.249). It shows that, although there is an average degree of agreement among participants on the staff adequacy in using IPSAS, there is quite a high variance when it comes to specific dimensions. The fact that the employees are highly concerned about the presence of qualified staff in the finance department (M = 4.23, SD = 1.521). This means that, in their opinion, staff size is adequate for the workload related to IPSAS. Training programs organized by the institution were also rated positively (M = 4.02, SD = 1.639). It shows that participants appreciate the company's effort to develop their competence.

Staff's willingness to use professional judgment in handling complicated transactions under IPSAS has the lowest mean (M = 2.52, SD = 1.760), and this dimension can be described as being in the "disagree" range. Considering that IPSAS is principles-based and requires professional judgment to make decisions concerning asset valuation and liability recognition, the low rating reflects significant inadequacy. Moreover, the high value of standard deviation indicates that the opinions are varied among participants, and it also suggests that competence level is inconsistent.

Regarding staff technical knowledge and increased competence after adopting IPSAS in 2013, participants agreed moderately that their technical knowledge has increased (M = 3.54, SD = 1.800) and that the staff's competence has increased (M = 3.75, SD = 1.778).

Thus, it implies that there is some inconsistency between training offered and competence developed. On one hand, participants agree that staffing level and training programs are adequate. However, staff members' inability to exercise professional judgment suggests that training was inadequate and did not prepare them to deal with IPSAS complexities. At present, the results of the analysis can provide insight into human resource competence issues only descriptively. In order to find out whether competence plays a role in determining IPSAS adoption success, further inferential analyses will be conducted, and correlations and regression will be run to find out the impact of staff competence on financial reporting.

4.3.4. Governance Support

Table 8. Descriptive Statistics for Governance Support

Statement	Mean	Std.
The audit committee provides strong oversight regarding IPSAS compliance	3.35	1.852
The internal audit function effectively reviews and reports on the quality of IPSAS-based financial statements	2.70	1.723
External auditors provide constructive feedback that helps improve IPSAS reporting	3.67	1.840
There is a clear accountability framework for ensuring the accuracy and timeliness of financial reports	4.25	1.546
Governance structures actively promote a culture of compliance and transparency	4.22	1.523
Average	3.64	1.254

Source: Own Survey, 2026

According to Table 8 below, there seems to be a positive attitude towards mechanisms of governance support of the implementation of IPSAS standards. the fact that audit committee oversight as an important tool for ensuring that there is strong supervision over IPSAS adoption (M = 3.35, SD = 1.852). While there is strong evidence that the mechanisms for effective governance are in place, experiences of individuals regarding effectiveness of this aspect are quite different.

It seems that internal audit as another important tool did not receive much attention from respondents with a low rating of 2.70 with relatively large standard deviation equaling 1.723. Given the importance of the process of continuous monitoring and receiving feedback on performance and effectiveness of IPSAS, such findings are indicative of weak internal mechanisms for controlling IPSAS implementation process. This indicates the need to develop and implement appropriate measures aimed at overcoming barriers preventing successful use of internal audits in organizations.

At the same time, it is worth noting that external auditor role as a tool to foster better IPSAS reporting was highly recognized among respondents with mean score of 3.67 (SD = 1.840). It can be argued that external auditing is perceived as an effective tool for improvement of organizational performance in accordance with standards.

Among mechanisms that gained the most approval is accountability framework and governance structure that encourages compliance with the standards. The mean score for accountability framework was 4.25 with a high standard deviation equaling 1.546, while governance structures

promoting compliance and transparency had a mean score of 4.22 (SD = 1.523). Overall, it can be concluded that there is a general awareness of importance of accountability and transparency in relation to IPSAS adoption.

Overall, the average value for governance support indicator is fairly high (M = 3.64, SD = 1.254). However, despite positive overall opinion about the issue, one can note a rather high variance between different types of governance support tools. Thus, it can be stated that there is an obvious governance paradox: while there is high level of awareness of importance of accountability and transparency, there are serious problems with internal audits.

4.3.5. Resource Provision

Table 9. Descriptive Statistics for Resource Provision

Statement	Mean	Std.
Adequate financial resources are allocated to support IPSAS implementation activities.	3.61	1.891
There is a dedicated budget for IPSAS-related training and professional development.	3.16	1.940
The AUC invests sufficiently in hiring/ retaining qualified IPSAS accounting experts.	3.56	1.862
Funds are available for maintaining necessary software and systems for IPSAS.	2.60	1.894
Resource constraints don't significantly hinder IPSAS financial reporting quality.	3.50	1.876
Average	3.29	1.389

Source: Own Survey, 2026

As seen from the results presented in the table below (Table 9), the average score for resource provision is equal to 3.29, with the standard deviation equaled to 1.389. Since the overall score belongs to the neutral range, it can be concluded that the provision of resources for implementation of IPSAS is neither adequate nor inadequate.

Specifically, the respondents believed that adequate financial resources are allocated to support IPSAS implementation activities (M = 3.61; SD = 1.891), while disagreed on the funds availability for acquiring and maintaining necessary software and systems for IPSAS (M = 2.60; SD = 1.894), which is considered a disagree statement. Thus, while it can be said that resources are generally allocated adequately, the problem is that those resources are not allocated for software and training purposes. As far as the capacity to hire and retain experts is concerned, the obtained results demonstrate that people have a slight degree of agreement (M = 3.56; SD = 1.862). At the same time,

since the standard deviation is relatively high, it can be assumed that the departments vary as for the availability of qualified experts.

Thus, this situation reveals the fact that no proper investments into structural components of IPSAS reporting are made, which contributes to the fact that the current level of maturity for implementation of IPSAS is low. It seems that in the current situation resources are distributed in a more general way than needed to promote better IPSAS reports.

4.3.6. Implementation Maturity

Table 10. Descriptive Statistics for Implementation Maturity

Statement	Mean	Std.
IPSAS processes are now well-embedded in the AUC's routine financial operations.	2.24	1.811
The quality of financial reporting has noticeably improved as we have gained more experience with IPSAS.	2.44	1.862
Now focusing on continuous improvement, the commission moved beyond the initial challenges of transition.	3.24	1.954
Lessons learned from past reports are systematically used to improve current practices.	3.45	1.911
The maturity of our IPSAS implementation is comparable to that of other leading international organisations.	2.41	1.858
Average	2.76	1.355

Source: Own Survey, 2026

The descriptive statistics provided in Table 10 indicate that the level of IPSAS implementation maturity in the African Union Commission (AUC) is not high, since the average score is only 2.76 (SD = 1.355). This is the lowest average among the six dimensions considered in terms of IPSAS adoption. It means that even though the formal implementation started back in 2013, it is far from becoming an established practice in the organization. Hence, it can be assumed that the adoption process at the AUC is procedural and not organizational.

The most promising aspect relates to the process of organizational learning - lessons learned from past reporting cycles are systematically used to improve current practices (M = 3.45; SD = 1.911). Thus, even though maturity is still quite low, there seems to be room for adaptation and organizational learning, meaning that experiences gained in previous cycles influence the current practices. Likewise, another indicator, which scored 3.24 (SD = 1.954), is "We have moved beyond the initial

challenges of transition and now focus on continuous improvement." This indicates a "neutral" position of the respondents, meaning that while some progress was achieved in the transition phase, it may be too early to move into the continuous improvement stage.

Conversely, the lowest results have been recorded in regard to whether IPSAS processes are firmly established in the organization; the quality of reporting improves with each new reporting cycle thanks to lessons learned from the previous cycle; and the current level of IPSAS implementation is comparable with other leading international organizations; which all scored mean scores of 2.24 (SD = 1.811), 2.44 (SD = 1.862), and 2.41 (SD = 1.858), respectively – reflecting the doubts of the respondents. Therefore, one may conclude that the respondents disagree with the notion that the organization is able to learn from its mistakes and experiences and is unable to provide comparable results compared to other countries.

In general, it becomes clear that the process of IPSAS implementation at the AUC is transitional, rather than matured. Although there are certain structures of accountability and compliance in place, the low average score indicates that there is plenty of work left to be done in terms of embedding IPSAS into daily operations.

4.3.7. Financial Reporting Quality

Table 11. Descriptive Statistics for Financial Reporting Quality

Statement	Mean	Std.
The financial statements present a complete picture of the AUC's assets, liabilities, revenues, and expenses	3.34	1.521
The information provided by the financial statements is relevant for assessing the AUC's financial performance and position	4.03	1.584
The financial statements are prepared consistently from year to year, which allows for meaningful trend analysis	3.23	1.361
The AUC's financial statements are prepared and published in a reasonable timeframe after the reporting period	3.28	1.448
Different knowledgeable observers, such as auditors, could reach a consensus on the information reported	3.47	1.233
The financial statements and the corresponding notes are clearly presented and easy to understand	3.62	1.553
Average	**3.50**	**1.027**

Source: Own Survey, 2026

Table 11 presents some descriptive statistics on how respondents assess the quality of financial reporting in the African Union Commission (AUC). Overall, the perceived quality is considered satisfactory since the mean rating is 3.50 (SD = 1.027). Thus, the overall rating falls within the "agree" category. It suggests that even though the quality of financial reporting of the organization has been rated fairly high by the respondents, there is much to be done to improve the areas that remain weak.

Of the numerous characteristics of quality financial reporting presented in the questionnaire, relevance emerges as the most prominent. Specifically, the assertion that "The financial statements provide information useful for assessing the AUC's financial performance and position" was rated at a relatively high mean level of 4.03 (SD = 1.584). As is clear from the rating, stakeholders consider that the financial statements provide enough information to make an appropriate decision, thus satisfying the qualitative requirement of information content.

As regards the understandability attribute, its rating is fairly good (M = 3.62, SD = 1.553), implying that respondents consider the statements understandable. Verifiability also received a positive rating (M = 3.47, SD = 1.233), which means that different independent observers can come to the same conclusion about information contained in financial reports of the organization.

On the other hand, completeness received a relatively lower rating (M = 3.34, SD = 1.521), consistency/comparability over time was also considered to be rather low (M = 3.23, SD = 1.361), and timeliness obtained the lowest rating (M = 3.28, SD = 1.448). Attributes that have the above-mentioned ratings can be called neutral, meaning that respondents doubt that the provided financial information is complete, consistent and available within a proper period of time. All three attributes are necessary for the qualitative characteristic of financial reports, but their deficiency leads to incomplete and inadequate financial information.

In summary, the results in table 12 provide an overview of the grand means and standard deviations for all study variables. It is noticeable that policy commitment and governance support are relatively strong with means of 3.75 and 3.64 respectively. However, these factors' positive impacts are undermined by low implementation maturity with a mean of only 2.76. This is the decisive factor for IPSAS adoption at the AUC. Similarly, policy commitment has the highest mean at 3.75, followed by governance support at 3.64, system readiness at 3.62, human competence at 3.61, resource provision at 3.29, and implementation maturity with the lowest mean at 2.76. Financial reporting quality has a

mean of 3.50, which is moderate. Overall, it can be argued that the financial statements meet all qualitative requirements in part, providing relevant, clear and verifiable information but failing to provide it that can be used for comparison purposes as well as for making decisions in a timely manner.

Table 12. Summary of Study Variables

Variable	Grand Mean	Std. Dev.
Policy Commitment (PC)	3.75	1.307
System Readiness (SR)	3.62	1.342
Human Competence (HC)	3.61	1.249
Governance Support (GS)	3.64	1.254
Resource Provision (RP)	3.29	1.389
Implementation Maturity (IM)	2.76	1.355
Financial Reporting Quality (FRQ)	3.50	1.027

Source: Own Survey, 2026

The standard deviations of all variables ranged between 1.027 and 1.389. This implies that a wide variation in perceptions by the respondents existed in all variables. This further implies that experiences of IPSAS adoption and its impact on financial reporting quality differed significantly between different individuals, departments, and potentially different levels of the AUC. The hierarchy of the implications of the descriptive analysis suggests that policy commitment and governance support are high but are mitigated by low levels of implementation maturity, which appears to be a limiting factor in all scenarios.

In connection with the study objectives, the descriptive analysis demonstrates that although policy commitment and governance support are relatively strong, their potential impact is constrained by weak implementation maturity and inadequate resource provision. These findings highlight the importance of examining, through inferential analysis, how the interplay of these operational determinants influences financial reporting quality under IPSAS.

4.4. Inferential Analysis

The following section is a systematic examination of the relationships between the six IPSAS adoption dimensions: policy commitment, system readiness, human competence, governance support, resource provision, and implementation maturity; and financial reporting quality. The

examination is conducted through a series of steps: First, the bivariate correlations are examined; then the assumptions of the Ordinary Least Squares regression are checked; and lastly, a multiple regression equation is used to estimate the six dimensions' impact on financial reporting quality.

4.4.1. Correlation Analysis

Table 13. Pearson Correlation Matrix

Construct	PC	SR	HC	GS	RP	IM	FRQ
Policy Commitment (PC)	1						
System Readiness (SR)	.468**	1					
Human Competence (HC)	.443**	.422**	1				
Governance Support (GS)	.366**	.415**	.568**	1			
Resource Provision (RP)	.280**	.370**	.405**	.344**	1		
Implementation Maturity (IM)	.236**	.381**	.155*	.228**	.552**	1	
Financial Reporting Quality (FRQ)	.601**	.572**	.566**	.585**	.494**	.408**	1

** $p < 0.01$ (2-tailed), * $p < 0.05$ (2-tailed), N = 209

Source: Own Survey, 2026

The correlation matrix, table 13, demonstrates that all independent variables: policy commitment (PC), system readiness (SR), human competence (HC), governance support (GS), resource provision (RP), and implementation maturity (IM), have positive correlation with the dependent variable financial reporting quality (FRQ) and are significant at the 0.01 level of significance.

As shown above, policy commitment has the highest correlation coefficient with financial reporting quality ($r = 0.601$, $p < 0.01$), closely followed by governance support ($r = 0.585$, $p < 0.01$), system readiness ($r = 0.572$, $p < 0.01$), and human competence ($r = 0.566$, $p < 0.01$). The remaining two independent variables resource provision ($r = 0.494$, $p < 0.01$) and implementation maturity ($r = 0.408$, $p < 0.01$) demonstrate considerable correlation too; however, their values are comparatively smaller. Thus, the results of correlation analysis confirm that the increase in any operational determinant improves the financial reporting quality.

Correlation among independent variables varied from $r = 0.155$ to $r = 0.568$, and the strongest association was found between governance support and human competence ($r = 0.568$, $p < 0.01$), which is not surprising given that theoretically effective governance structures promote the competence of staff, and vice versa. More importantly, no correlation coefficient reaches the point of

multicollinearity, confirming the appropriateness of applying the selected independent variables for regression analysis.

With regard to interpretation of the results, it should be emphasized that the influence of policy commitment and governance support on financial reporting quality appears to be particularly powerful. As can be expected, such determinants as the level of attention provided to IPSAS implementation and support of an organization by relevant stakeholders (e.g., managers or supervisors) and corresponding accountability frameworks have considerable impact on IPSAS adoption success. On the other hand, a relatively low level of implementation maturity indicates that although principles underlying IPSAS are formally accepted by organizations, they are rarely implemented in practice. This conclusion is crucial for understanding the context of IPSAS adoption and its implications for financial reporting quality.

Thus, according to the obtained results, it can be stated that all studied operational determinants of IPSAS adoption have positive and significant correlation with financial reporting quality. Such findings confirm the relevance of selected variables to be included in the regression analysis.

4.4.2. Testing of Regression Assumptions

Before running the regression models, the classical assumptions of OLS regression were tested using guidelines provided in other studies (Hair et al., 2019; Field, 2018).

- **Normality Test**

The test for normality was done using the univariate approach where the study variables' skewness and kurtosis were checked. Moreover, the residuals were checked for normality using the P-P plot.

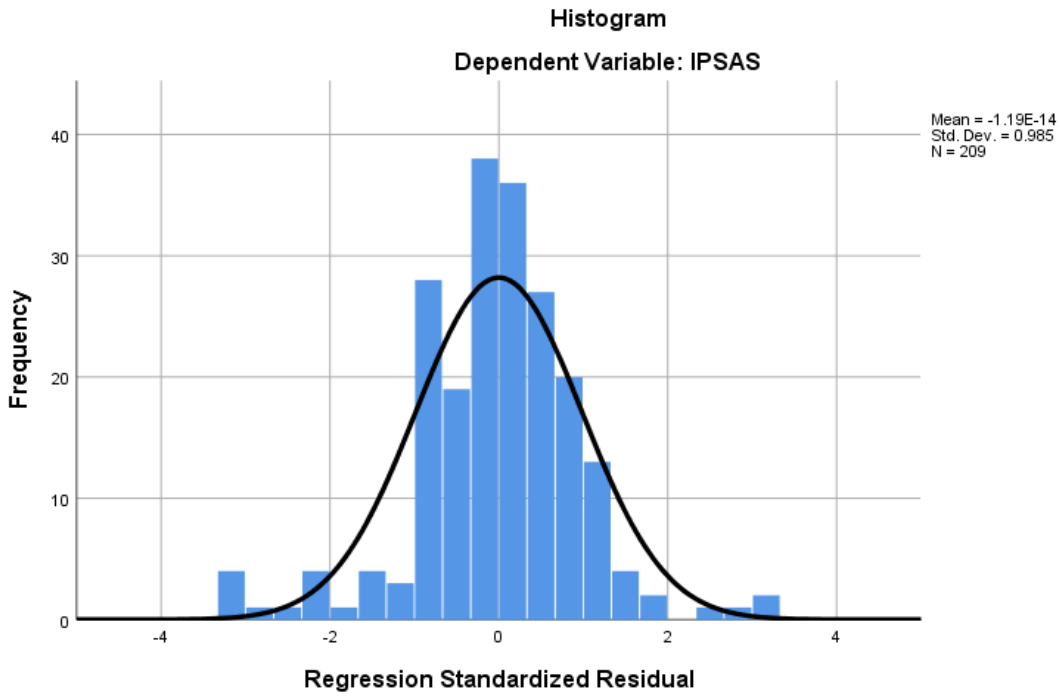
Table 14. Skewness and Kurtosis of Study Variables

Construct	N	Skewness	Std. Error	Kurtosis	Std. Error
Policy Commitment (PC)	209	-.806	.168	-.516	.335
System Readiness (SR)	209	-.537	.168	-1.180	.335
Human Competence (HC)	209	-.847	.168	-.493	.335
Governance Support (GS)	209	-.664	.168	-.609	.335
Resource Provision (RP)	209	-.335	.168	-1.212	.335
Implementation Maturity (IM)	209	.432	.168	-1.072	.335
Financial Reporting Quality (FRQ)	209	-.565	.168	-.083	.335

Source: Own Survey, 2026

Although OLS regression does not require the independent or dependent variables to be normally distributed, for hypothesis tests and confidence intervals to be conducted using OLS regression output, the residuals must be normally distributed (Tabachnick & Fidell, 2019). The results, as shown in Table 14, indicate the values for skewness and kurtosis for the variables included in the study. The values for skewness ranged from -0.847 to 0.432, which is comfortably within the acceptable limit of |skewness| < 2 (George & Mallery, 2019). Similarly, the values for kurtosis ranged from -1.212 to -0.083, which is comfortably within the acceptable limit of |kurtosis| < 7. These values indicate the approximate normality of the individual variables' distribution.

Figure 2: Normality P-P Plot of Regression Standardized Residual



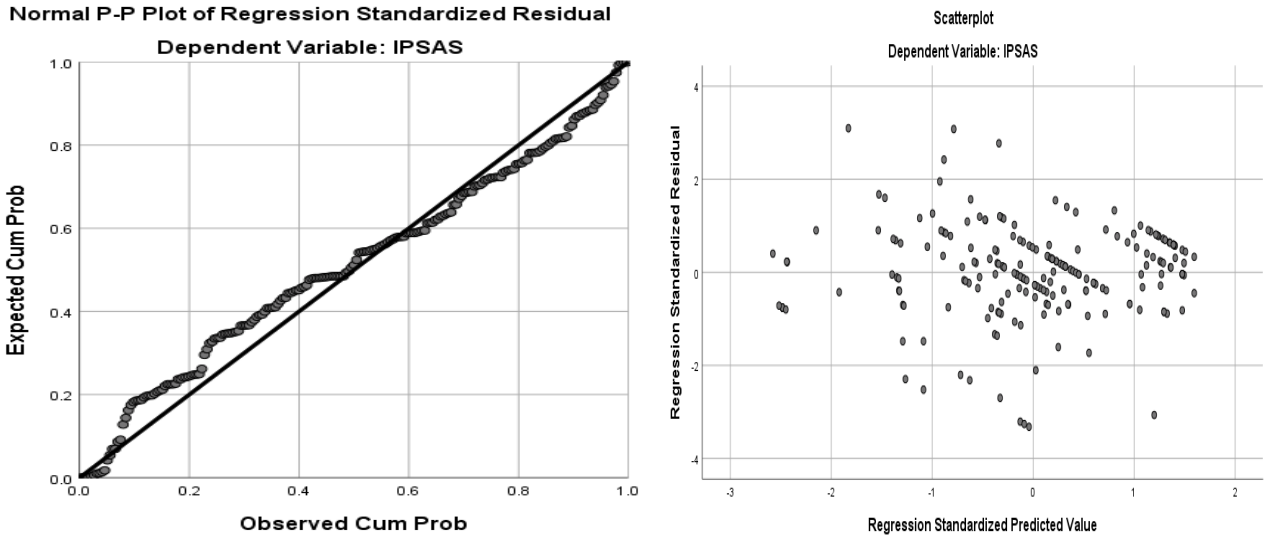
As shown in Figure 2, the points are closely aligned to the diagonal line. There are no systematic deviations from the line. The assumption of normally distributed errors is satisfied. Thus, tests for statistical significance for the coefficients are reliable (Field, 2018).

- **Linearity and Homoscedasticity**

The assumptions of linearity and homoscedasticity were tested. Linearity means that there is a straight-line relationship between independent variables, while homoscedasticity means that there is a constant variance of error for all predicted values. These assumptions were tested by creating a

scatterplot of standardized residuals against standardized predicted values. The scatterplot did not reveal any notable pattern. The residuals were randomly distributed for all levels of predicted values. Similarly, there were no indications of curvilinear relationships in the scatter plots. Moreover, there were no indications of heteroscedasticity, as indicated by a consistent pattern in the spread of residuals for all levels of predicted values.

Figure 3: Linearity and Homoscedasticity Test



- **Multicollinearity**

Multicollinearity is a high correlation between two or more predictor variables. Multicollinearity could cause unstable coefficients and inflate standard error. To test for multicollinearity, tolerance and VIF values for predictor constructs (PC, SR, HC, GS, RP, IM) were computed.

Table 15. Collinearity Diagnostics

Construct	Tolerance	VIF
Policy Commitment (PC)	.700	1.429
System Readiness (SR)	.635	1.574
Human Competence (HC)	.553	1.808
Governance Support (GS)	.628	1.591
Resource Provision (RP)	.587	1.703
Implementation Maturity (IM)	.635	1.576

Source: Own Survey, 2025

Table 15 shows the result of performing the tests for multicollinearity. The range of tolerance values was between 0.553 and 0.700. These values were significantly higher than the minimum value of 0.10 (Hair et al., 2019). On the other hand, the range of values for VIF was between 1.429 and 1.808, significantly lower than the maximum value of 5 (Hair et al., 2019) and 2.5 (Field, 2018). This again confirms that there are no issues of multicollinearity that need to be considered for interpreting the regression model.

In conclusion, all four assumptions were thoroughly checked, and it was found that all of them were sufficiently met. There are no significant issues with data normality, linearity, homoscedasticity, or multicollinearity. This shows that the data are appropriate for regression analysis. The parameter estimates derived in the next step are expected to be unbiased and efficient for valid hypothesis testing.

4.4.3. Regression Analysis

In order to check whether there are any significant relationships between the six IPSAS adoption dimensions and financial reporting quality as proposed in the hypothesis, a standard multiple regression analysis was performed. This method allows for simultaneous testing of the unique contribution of all six dimensions to financial reporting quality while holding constant all other factors.

Table 16. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.788	.621	.610	.64117

Source: Own Survey, 2026

Model Summary - The results of the regression model indicate a strong fit. This is based on the multiple correlation coefficient R = 0.788, as presented in Table 16. This indicates a strong relationship between all six dimensions of IPSAS adoption and financial reporting quality. In addition, the coefficient of determination R^2 = 0.621 indicates that 62.1% of financial reporting quality can be explained by all six dimensions of IPSAS adoption. This is a very large percentage in social sciences studies. This indicates the importance of all six dimensions of IPSAS adoption in explaining financial reporting quality. This indicates a very strong fit of the model. The adjusted R^2 value is 0.610. This indicates a very small difference between adjusted and unadjusted R^2. This

indicates a very parsimonious model without any signs of overfitting. This indicates that the model will be able to generalize beyond the data used in the model (Hair et al., 2019).

Table 17. ANOVA Test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	136.260	6	22.710	55.242	.000
	Residual	83.043	202	.411		
	Total	219.302	208			

Source: Own Survey, 2026

Analysis of Variance - The ANOVA test in Table 17 indicates a very strong model. This is based on a very significant F-value of 55.242. This was achieved in an ANOVA model where $F(6, 202) = 55.242$, $p < 0.001$. This indicates a very large F-value compared to the model's degrees of freedom. This indicates a very strong model effect. This indicates support for the theoretical proposition of a strong relationship between all six dimensions of IPSAS adoption and financial reporting quality in the African Union Commission.

Table 18. Coefficients for Direct Effects Model

Predictor	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.389	.177		2.199	.029
Policy Commitment (PC)	.235	.041	.299	5.781	.000
System Readiness (SR)	.131	.042	.172	3.160	.002
Human Competence (HC)	.120	.048	.146	2.505	.013
Governance Support (GS)	.203	.045	.248	4.536	.000
Resource Provision (RP)	.102	.042	.138	2.449	.015
Implementation Maturity (IM)	.088	.041	.116	2.141	.033

Source: Own Survey, 2026 `

Coefficients – Individual Predictor Contributions - Table 18 shows that there are both unstandardized (B) and standardized (β) coefficients. With these, it is possible to evaluate to what extent all six predictors for IPSAS adoption contribute to the dependent variable. All predictors were found to have a significant influence on financial reporting quality. Hence, Hypotheses H_1 to H_6 are

supported. Policy Commitment (H_1) was found to have the strongest influence on financial reporting quality. The unstandardized (B = 0.235) as well as the standardized (β = 0.299) regression coefficient were highly significant ($p < 0.001$). This shows that for a one-standard-deviation increase in Policy Commitment, financial reporting quality improves by 0.299 standard deviations. Hence, H_1 was supported. Policy commitment to IPSAS adoption does have a significant positive influence on financial reporting quality at the African Union Commission. The dominance of Policy Commitment over all other predictors may have been caused by the descriptive findings that policies are clear (M = 4.31). However, a neutral perception of leadership (M = 2.95) suggests that stronger effects may still be possible.

Governance Support (H_4) was the second-best predictor (β = 0.248, $p < 0.001$), suggesting that governance structures play an important role in promoting financial reporting quality. This confirms our hypothesis: Governance support for IPSAS has a significant positive effect on financial reporting quality at the African Union Commission. Although the internal audit function is not effective (M = 2.70), overall governance plays a role in financial reporting quality through its influence on overall accountability and culture.

System Readiness (H_2) was the third best predictor (β = 0.172, $p = 0.002$), suggesting that the quality of financial information systems and technology plays an important role in promoting financial reporting quality. This confirms our hypothesis: System readiness for IPSAS has a significant positive effect on financial reporting quality at the African Union Commission. Although integration is relatively high (M = 4.31), the gap between this and overall system readiness for accrual accounting (M = 2.89) implies that improving overall system functionality for complex accrual accounting would result in improved financial reporting quality.

Human Competence (H_3) was found to have a significant positive effect (β = 0.146, $p = 0.013$), suggesting that human competence plays a role in promoting financial reporting quality. This confirms our hypothesis: Human competence in IPSAS has a significant positive effect on financial reporting quality at the African Union Commission. Although there is a gap between exercising professional judgment (M = 2.52) and provision of adequate training (M = 4.02), it implies that the training provision would need to be redesigned to include more judgmental competencies rather than knowledge provision.

Resource Provision (H_5) was found to be statistically significant and positively affecting financial reporting quality ($\beta = 0.138$, $p = 0.015$). This verifies H_5: Resource provision for IPSAS implementation has a significant positive effect on financial reporting quality at the African Union Commission. The low level of system funding (M = 2.60) and training budgets (M = 3.16) indicates a potential opportunity for resource allocation to achieve a disproportionately high level of financial reporting quality.

The effect of Implementation Maturity (H_6) was found to be the smallest but still statistically significant and positively affecting financial reporting quality ($\beta = 0.116$, $p = 0.033$). This verifies H_6: Implementation maturity of IPSAS adoption has a significant positive effect on financial reporting quality at the African Union Commission. The very low level of maturity in implementing IPSAS (M = 2.76) indicates a potential opportunity for improvement in financial reporting quality by learning from best practice in implementing IPSAS.

Table 19. Summary of Regression Results

Hypothesis	Relationship	Coefficient (β) @ p-value	Supported?
H_1 - Hypothesis 1	Policy Commitment → FRQ	.299 at p = .001	Yes
H_2 - Hypothesis 2	System Readiness → FRQ	.172 at p = .002	Yes
H_3 - Hypothesis 3	Human Competence → FRQ	.146 at p = .013	Yes
H_4 - Hypothesis 4	Governance Support → FRQ	.248 at p < .001	Yes
H_5 - Hypothesis 5	Resource Provision → FRQ	.138 at p = .015	Yes
H_6 - Hypothesis 6	Implementation Maturity → FRQ	.116 at p = .033	Yes

Source: Own Survey, 2026

The consolidated results of the hypothesis tests are presented in Table 19. All six hypotheses were supported, which implies that each of the six dimensions of IPSAS adoption independently and significantly contributes to financial reporting quality at the African Union Commission. The results emphasize that policy commitment and governance support are the two most important factors, whereas implementation maturity is the least important factor among the six dimensions of IPSAS adoption. However, the low descriptive scores for implementation maturity imply that it is the area where improvement is the most urgent need because it is the weakest link in the chain of relationships from IPSAS adoption to financial reporting quality.

4.5. Discussion of Regression Findings

This study empirically establishes how six factors influencing IPSAS adoption affect the quality of financial reporting at the African Union Commission. This section provides a theoretical interpretation of the findings within the framework of existing literature.

Policy commitment emerged as the strongest determinant of financial reporting quality ($\beta = 0.299$, $p < 0.001$). As per Vaidya (2020), commitment in terms of tone at the top and good planning defines successful IPSAS implementation. Likewise, regulatory frameworks contribute to increased compliance and governance at the Ghanaian Public Sector, per Issah and Baah (2025). The large descriptive gap between effective policy-making ($M = 4.31$) and weak follow-up from leadership ($M = 2.95$) demonstrates the inability of AUC to implement its commitment. Such a result is expected under the New Public Management concept in which policy-making without enforcement does not yield better reporting results (Hood, 1995).

As the second most important factor, governance support has confirmed previous studies' findings about the necessity of appropriate accountability structures for a successful IPSAS implementation. This is consistent with Akinwunmi et al. (2025), who discovered that audit committees and internal controls influence financial reporting quality in Nigeria. At the same time, poor perception of internal audit efficiency ($M = 2.70$) poses a challenge to the current IPSAS process. From an agency theory perspective (Jensen & Meckling, 1976), such inefficiency undermines the accountability relationship between principals (member states) and agents (AUC managers).

The positive effect of system readiness ($\beta = 0.172$, $p = 0.002$) confirms Dias's (2024) finding about the positive correlation between information technology application and financial report quality in Timor-Leste. However, the contradiction between high system integration ($M = 4.31$) and low accrual accounting capability ($M = 2.89$) highlights the importance of integrating information systems that can handle accrual transactions. As per IFAC (2025), the financial management information system must have this capability. Hence, the AUC appears to focus on connectivity while ignoring functional needs for recording assets and liabilities.

In line with Munezero (2018), who identified inadequate training as an implementation barrier at the AUC, human competence played an important role in shaping reporting quality ($\beta = 0.146$, $p = 0.013$). The perception of adequate provision of training ($M = 4.02$) combined with staff members' incapacity

to make professional decisions (M = 2.52) shows a failure of training programs. It is consistent with Chol (2025), who argues that training must develop judgment competencies in addition to sharing knowledge as an essential requirement for IPSAS.

The positive but relatively weak impact of both resource provision (β = 0.138, p = 0.015) and implementation maturity (β = 0.116, p = 0.033) on reporting quality confirms the applicability of institutional theory. The lack of implementation maturity despite a decade of IPSAS use (M = 2.76) demonstrates that the AUC still lags behind in implementation stage. Such findings are in line with DiMaggio & Powell's (1983) and Tawiah & Soobaroyen's (2023) propositions on the three types of isomorphic pressures driving organizations to adopt new regulations.

The moderate quality of financial reports (M = 3.50) with strength in relevant and understandable reports (M = 4.03 and M = 3.62, respectively) and weaknesses in completeness (M = 3.34), consistency (M = 3.23) and timeliness (M = 3.28) indicates partial achievements from the implementation of IPSAS. As per Chinedu, Okoye, and Egbunike (2019), post-IPSAS adoption brought improvements in transparency among Nigerian banks, while comparability and timeliness were still challenging. Thus, the current results show that the AUC faces similar difficulties with IPSAS adoption.

CHAPTER FIVE: FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

In this chapter, key findings from Chapter Four are synthesized by integrating statistical results with theoretical implications and policy relevance rather than merely repeating numerical outputs. Conclusions are drawn with careful attention to the correlational nature of the evidence, using cautious language that reflects associations rather than causal claims. Recommendations are prioritized according to the relative strength of regression coefficients (β values) and the magnitude of descriptive gaps (lowest means), with stronger predictors receiving greater emphasis.

5.1. Summary and Major Findings

- Major findings are synthesized below by linking statistical results to their theoretical implications and Policy commitment (β = 0.299) strongly influences reporting quality. Clear policies are well articulated (M = 4.31), but weak leadership follow-through (M = 2.95) undermines enforcement. Formal IPSAS policies alone are insufficient; stronger compliance monitoring and enforcement mechanisms are required.
- System readiness (β = 0.172) has a positive effect, but weak accrual accounting capacity (M = 2.89) limits impact. Investments have prioritized integration over functionality, creating a binding constraint on IPSAS compliance.
- Human competence (β = 0.146) contributes significantly, yet staff confidence in professional judgment is low (M = 2.52) despite adequate training provision (M = 4.02). Training redesign toward case-based judgment development is needed, as declarative knowledge alone does not improve reporting quality.
- Governance support (β = 0.248) shows strong association, but weak internal audit effectiveness (M = 2.70) undermines otherwise strong accountability frameworks (M = 4.25). Consistent with legitimacy theory, governance structures exist symbolically but lack operational strength. Upgrading existing structures yields higher returns than adding new ones.
- Resource provision (β = 0.138) enhances reporting quality, but underinvestment in system maintenance (M = 2.60) and training budgets (M = 3.16) reflects allocative inefficiency.

Reallocation of existing resources toward high-impact areas is more effective than expanding budgets.

- Implementation maturity ($\beta = 0.116$) has the weakest effect. Despite IPSAS adoption since 2013, maturity remains low ($M = 2.76$), showing that time alone does not guarantee progress. Explicit knowledge management mechanisms—task forces, lessons-learned databases, benchmarking against UN/EU - are required to accelerate maturity.
- IPSAS adoption at the AUC is positively linked to reporting quality, but progress is constrained by enforcement gaps, weak audit capacity, limited accrual functionality, low judgment competence, misallocated resources, and slow maturity development. Targeted reforms in these areas would yield higher returns than expanding structures or budgets without strategic reallocation.

5.2. Conclusions

This study examined the associations between six dimensions of IPSAS adoption and financial reporting quality at the African Union Commission (AUC), using data from 209 finance and accounting professionals. All six dimensions demonstrated statistically significant positive associations, collectively explaining 62.1% of the variance in reporting quality. While the cross-sectional design limits causal inference, the findings provide important insights into institutional strengths and weaknesses.

Policy commitment emerged as the strongest correlate of reporting quality, reflecting the importance of clear policies and strategic emphasis. Yet, the descriptive evidence revealed a gap between strong policy articulation (M = 4.31) and weak leadership follow-through (M = 2.95), suggesting that rhetoric has not fully translated into consistent action. Governance support was the second strongest dimension, with accountability frameworks perceived as robust but internal audit effectiveness critically weak, highlighting the need for stronger oversight mechanisms. System readiness showed moderate association, with strong integration across departments but inadequate accrual accounting capability (M = 2.89), indicating that investments have prioritized connectivity over functionality.

Human competence was positively associated with reporting quality, though weaker than the top three dimensions. Respondents perceived training as adequate but expressed low confidence in applying professional judgment, suggesting that capacity-building has emphasized knowledge over applied skills. Resource provision also showed a weaker association, with general allocations seen as adequate but specific funding for system maintenance and training under-resourced. Finally, implementation maturity was the weakest dimension, with low perceptions (M = 2.76) despite over a decade of IPSAS adoption, reflecting slow progress compared to other supranational organizations.

Overall, IPSAS adoption at the AUC is positively linked to financial reporting quality, but the full benefits have not been realized. The most critical gaps combine both statistical associations and descriptive weaknesses: leadership follow-through, internal audit effectiveness, accrual accounting capacity, staff confidence, dedicated funding, and maturity of implementation. These findings underscore that while IPSAS adoption is institutionally embedded, its effectiveness depends on strengthening leadership action, governance oversight, technical system capacity, and sustained investment. Future longitudinal research is needed to establish causality and track whether maturity and reporting quality improve as reforms deepen.

5.3. Recommendations

Recommendations derived from the results presented above indicate areas where IPSAS adoption can be optimized to improve the quality of financial reporting in the organization.

- Firstly, it is critical to enhance policy commitment to reporting. While commitment is a good predictor of reporting quality, the demonstration of leadership commitment appears inconsistent among department heads. As such, the Commissioner for Finance is recommended to release quarterly IPSAS compliance scorecards, require division heads to sign IPSAS compliance certificate and conduct monthly compliance review meeting with the Director of Finance acting as a chairperson.
- Secondly, governance support should be increased through effective use of internal auditing to review IPSAS compliance status. At the moment, internal audit is not effectively used in reviewing IPSAS compliance status as there are gaps in review frequency (it only happens once per year). The Internal Audit Directorate should hire IPSAS certified internal auditors. The Audit Committee should increase its review frequency to quarterly. Additionally, the development of an IPSAS compliance checklist, whose results are provided to the Audit Committee within thirty days after each quarter, should be made mandatory.
- Thirdly, it is important to address the issue of system readiness. Present information technology systems are unable to handle accrual accounting transactions. The ICT and Finance Directorates should work together to perform a gap analysis on the present Financial Management Information System (FMIS) and come up with a plan for FMIS upgrade and funding to achieve it.
- Fourthly, it is essential to improve human competence through revision of the IPSAS training program. The IPSAS curricula should include peer reviews, mentors and case studies. The untrained employees should be enrolled for IPSAS foundation training within the next six months while the subsequent review would take place every two years. A competencies matrix should be created to ensure complete coverage and competence level.
- Furthermore, resource provision should be enhanced through the introduction of IPSAS system maintenance and professional development budgets and conducting annual reviews.

- Finally, implementation maturity remains the weakest predictor of IPSAS reporting quality. As such, a permanent IPSAS Task Force needs to be established to review post-implementation status, document lessons learned, compare with other organizations' status and prepare annual implementation maturity report.
- Reporting quality needs to be enhanced through the enforcement of disclosure checklist, internal policy manuals, internal reporting timelines, reduction of departmental variability, setting key performance indicators and quarterly compliance certificate. Staff retention and full training coverage must be ensured to safeguard the success achieved during IPSAS implementation.

Limitations of the Study

Several limitations of the study should be borne in mind when interpreting the results. First, the cross-sectional nature of the data does not allow causal inference; however, the strong relationships obtained are consistent with the causal relationships posited by theory. A longitudinal design could provide stronger causal inference in the future. Second, the self-report nature of the data could potentially suffer from common method variance because the independent and dependent variables were measured using the same source at the same time. However, the reliability tests showed the quality of the instrument to be high (overall Cronbach's $\alpha = .922$), and the Harman single-factor test could potentially be conducted in the future to assess common method variance further.

Third, the focus on a single organization (the AUC) limits the generalizability of the results to other intergovernmental organizations or the national public sector. However, the depth of information provided by the case study is valuable and cannot be obtained through a survey-based approach. The results could potentially be generalized to other supranational organizations with similar institutional characteristics. fourth, the mediating variables between the six dimensions and financial reporting quality were not assessed in the study. Future research could potentially investigate the mediating role of variables such as motivation on the relationship between policy commitment and governance support and financial reporting quality.

Comparative studies across several intergovernmental organizations (e.g., United Nations, European Union, African Development Bank) could be used to identify best practices for each organization and factors that moderate the relationships identified in the study.

Lastly, future studies could investigate factors that moderate the relationships identified in the study, such as organizational culture, staff motivation, or external pressures from donors/stakeholders, which could reveal conditions under which IPSAS adoption dimensions have greater or lesser effects on financial reporting quality.

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Appendix

ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING AND FINANCE

SUBJECT: REQUEST FOR PARTICIPATION IN ACADEMIC RESEARCH ON IPSAS IMPLEMENTATION AT THE AFRICAN UNION COMMISSION

Dear Participant,

You are invited to participate in a postgraduate research study titled *"The Impact of International Public Sector Accounting Standards (IPSAS) on Financial Reporting: A Case Study of the African Union Commission."* This research seeks to explore how six critical dimensions of IPSAS adoption namely policy commitment, system readiness, human competence, governance support, resource provision, and implementation maturity, shape the quality of financial reporting within the African Union Commission (AUC). Since the AUC has been at the forefront of IPSAS adoption since 2013, your professional insights as a finance or accounting expert are invaluable in assessing both the progress achieved and the challenges encountered.

Participation is entirely voluntary, and strict confidentiality is assured: the questionnaire is anonymous, requires no personal identifiers, and responses will be aggregated and reported only in summary form. The survey is designed to take approximately 15–20 minutes, with flexibility to skip any question you find sensitive or uncomfortable, and completed forms may be returned either in person or via email within the specified timeframe.

By contributing your experience, you will play a vital role in generating evidence-based findings that can inform policy decisions, strengthen financial governance at the AUC, and provide lessons for other regional and international organisations committed to transparency and accountability.

Yours faithfully,

Aynalem Bekele
Post graduate Student at Addis Ababa University
Mobile: 0911 69 30 64
e-mail: aynibek@gmail.com

Instructions: Please answer all questions as honestly and accurately as possible based on your experience at the African Union Commission. For each statement, tick (✓) or circle the number that best represents your level of agreement using the following scale:

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

PART A: BACKGROUND INFORMATION

This information will be used only for statistical classification purposes.

A1. Years of Professional Experience in Finance/Accounting:

☐ Less than 5 years

☐ 5 – 10 years

☐ 11 – 15 years

☐ More than 15 years

A2. Highest Educational Qualification:

☐ Diploma

☐ Bachelor's Degree

☐ Master's Degree

☐ Professional Certification (e.g., CPA, ACCA, CFA)

A3. Professional Certification in Accounting/Finance (if any):

☐ None

☐ CPA (Country specific)

☐ ACCA

☐ CFA

☐ Other (Please specify): _____

A4. Years of Direct Involvement with IPSAS-based Financial Reporting at the AUC:

☐ Less than 3 years

☐ 4 – 6 years

☐ 7 – 9 years

☐ 10 years or more

A5. Current Department/Division:

☐ Department of Finance

☐ Office of Internal Oversight

☐ Board of External Audit

☐ Other Finance/Accounting related unit (Please specify): _____

PART B: IPSAS Adoption

Instructions: Please answer all questions as honestly and accurately as possible based on your experience at the African Union Commission. For each statement, tick (✓) or circle the number that best represents your level of agreement using the following scale:

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

Statement		**1**	**2**	**3**	**4**	**5**
POLICY COMMITMENT	AUC leadership consistently demonstrates a strong commitment to full IPSAS compliance.	1	2	3	4	5
	There are clear, well-communicated policies mandating IPSAS compliance across all financial activities.	1	2	3	4	5
	The strategic importance of IPSAS for transparency and accountability is regularly emphasised by top management.	1	2	3	4	5
	Management actively enforces compliance with IPSAS requirements, even when challenging.	1	2	3	4	5
	The AUC's long-term financial strategy is closely aligned with IPSAS principles.	1	2	3	4	5
SYSTEM READINESS	The current Financial Management Information System (FMIS) adequately supports all IPSAS accounting and reporting requirements.	1	2	3	4	5
	Our IT systems are capable of handling the complexities of accrual accounting (e.g., asset depreciation, liability recognition).	1	2	3	4	5
	The AUC has invested sufficiently in upgrading technology to facilitate IPSAS implementation.	1	2	3	4	5

	System integration allows for seamless data flow from various departments into the central financial reporting system.	1	2	3	4	5
	The technology infrastructure is reliable and minimizes errors in financial data processing for IPSAS reporting.	1	2	3	4	5
HUMAN COMPETENCE	Finance and accounting staff possess the necessary technical knowledge to apply IPSAS correctly.	1	2	3	4	5
	The AUC provides adequate, ongoing training programs to keep staff updated on IPSAS requirements.	1	2	3	4	5
	Staff are confident in exercising professional judgement required for complex IPSAS transactions.	1	2	3	4	5
	There are enough qualified professionals within the finance team to handle the IPSAS workload effectively.	1	2	3	4	5
	Staff competency has significantly improved since the initial adoption of IPSAS in 2013.	1	2	3	4	5
GOVERNANCE SUPPORT	The audit committee provides strong oversight regarding IPSAS compliance.	1	2	3	4	5
	The internal audit function effectively reviews and reports on the quality of IPSAS-based financial statements.	1	2	3	4	5
	External auditors provide constructive feedback that helps improve IPSAS reporting.	1	2	3	4	5
	There is a clear accountability framework for ensuring the accuracy and timeliness of financial reports.	1	2	3	4	5
	Governance structures (e.g., finance committee, board) actively promote a culture of compliance and transparency.	1	2	3	4	5
RESOURCE PROVISION	Adequate financial resources are allocated to support IPSAS implementation activities.	1	2	3	4	5
	There is a dedicated budget for IPSAS-related training and professional development.	1	2	3	4	5
	The AUC invests sufficiently in hiring and retaining qualified IPSAS accounting experts.	1	2	3	4	5
	Funds are available for acquiring and maintaining necessary software and systems for IPSAS.	1	2	3	4	5

	Resource constraints do not significantly hinder the quality of IPSAS financial reporting.	1	2	3	4	5
IMPLEMENTATION MATURITY	IPSAS processes are now well-established and embedded in the AUC's routine financial operations.	1	2	3	4	5
	The quality of financial reporting has noticeably improved as we have gained more experience with IPSAS.	1	2	3	4	5
	We have moved beyond the initial challenges of transition and now focus on continuous improvement.	1	2	3	4	5
	Lessons learned from past reporting cycles are systematically used to improve current practices.	1	2	3	4	5
	The maturity of our IPSAS implementation is comparable to that of other leading international organisations.	1	2	3	4	5

PART C: FINANCIAL REPORTING QUALITY

Instructions: Please answer all questions as honestly and accurately as possible based on your experience at the African Union Commission. For each statement, tick (✓) or circle the number that best represents your level of agreement using the following scale:

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

Statement		**1**	**2**	**3**	**4**	**5**
FINANCIAL REPORTING QUALITY	The financial statements provide information useful for assessing the AUC's financial performance and position.	1	2	3	4	5
	The financial statements present a complete picture of the AUC's assets, liabilities, revenues, and expenses.	1	2	3	4	5
	The financial statements are prepared consistently from year to year, allowing for meaningful trend analysis.	1	2	3	4	5
	Different knowledgeable observers (e.g., auditors) would be able to reach a consensus on the reported information.	1	2	3	4	5
	The AUC's financial statements are prepared and published within a reasonable timeframe after the reporting period.	1	2	3	4	5

	The financial statements and accompanying notes are clearly presented and easy to understand.	1	2	3	4	5

Thank you very much for your time and valuable contribution to this research!

Please return the completed questionnaire to the researcher.

	Characteristics	N	%
Gender	Male	135	64.6
	Female	74	35.4
	Total	209	
Age Distribution	20 – 30 years	31	14.8
	30 – 45 years	115	55.0
	45+ years	63	30.1
	Total	209	
Educational Level	Bachelor's	52	24.9
	Masters	125	59.8
	Diploma (Certificate)	32	15.3
	Total	209	
Professional Training	Trained	146	69.9
	Not trained	63	30.1
	Total	209	
Work Experience	Less than 5 years	43	20.6
	5-10 years	87	41.6
	More than 10 years	79	37.8
	Total	209	
Position	Junior	44	21.1
	Mid-level	87	41.6
	Senior	78	37.3
	Total	209	

Policy Commitment

Statement	Mean	Std.
Institutional follow-through	2.95	1.913
Clarity of AU resolutions on IPSAS	4.31	1.452
Legal backing for IPSAS adoption	4.22	1.566
Consistency of enforcement mechanisms	3.72	1.850
Staff perception of policy strength	3.54	1.909
Average	**3.7474**	**1.30712**

System Readiness

Statement	Mean	Std.
Compatibility of FMIS with IPSAS	3.41	1.927
IT infrastructure adequacy	2.89	1.875
Availability of automation tools	3.85	1.769
Reporting software functionality	4.31	1.429
Technical support availability	3.65	1.852
Average	**3.6211**	**1.34248**

Human Resource Competence

Statement	Mean	Std.
IPSAS training coverage	3.54	1.800
Technical expertise in accrual IPSAS	4.02	1.639
Consistency in application	2.52	1.760
Professional certification (ACCA, CPA)	4.23	1.521
Continuous learning culture	3.75	1.778
Average	**3.6124**	**1.24886**

Governance Support

Statement	Mean	Std.
Accountability culture	3.35	1.852
Transparency in reporting	2.70	1.723
Oversight mechanisms	3.67	1.840
Leadership commitment	4.25	1.546
Internal audit effectiveness	4.22	1.523
Average	**3.6402**	**1.25373**

Resource Provision

Statement	Mean	Std.
Budget allocation for IPSAS	3.61	1.891
Training resources	3.16	1.940
Donor funding support	3.56	1.862
System upgrade financing	2.60	1.894
Consultant services	3.50	1.876
Average	**3.2861**	**1.38905**

Implementation Maturity

Statement	Mean	Std.
Consistency of reporting	2.24	1.811
Frequency of IPSAS-compliant reports	2.44	1.862
Stage of IPSAS adoption	3.24	1.954
Staff familiarity with IPSAS reports	3.45	1.911
External validation of IPSAS reports	2.41	1.858
Average	**2.7560**	**1.35518**

IPSAS

Statement	Mean	Std.
The financial statements present a complete picture of the AUC's assets, liabilities, revenues, and expenses.	3.34	1.521
The financial statements provide information useful for assessing the AUC's financial performance and position.	4.03	1.584
The financial statements are prepared consistently from year to year, allowing for meaningful trend analysis.	3.23	1.361
The AUC's financial statements are prepared and published within a reasonable timeframe after the reporting period.	3.28	1.448
Different knowledgeable observers (e.g., auditors) would be able to reach a consensus on the reported information.	3.47	1.233
The financial statements and accompanying notes are clearly presented and easy to understand	3.62	1.553
Average	**3.4960**	**1.02681**

Correlations

	POC	SYR	HRC	GOS	REP	IMM	IPSAS
Policy Commitment	1						
System Readiness	.468**	1					
Human Resource Competence	.443**	.422**	1				
Governance Support	.366**	.415**	.568**	1			
Resource Provision	.280**	.370**	.405**	.344**	1		
Implementation Maturity	.236**	.381**	.155*	.228**	.552**	1	
IFSAS	.601**	.572**	.566**	.585**	.494**	.408**	1

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Coefficients[a]			
Model		Collinearity Statistics	
		Tolerance	VIF
1	POC	.700	1.429
	SYR	.635	1.574
	HRC	.553	1.808
	GOS	.628	1.591
	REP	.587	1.703
	IMM	.635	1.576
a. Dependent Variable: IPSAS			

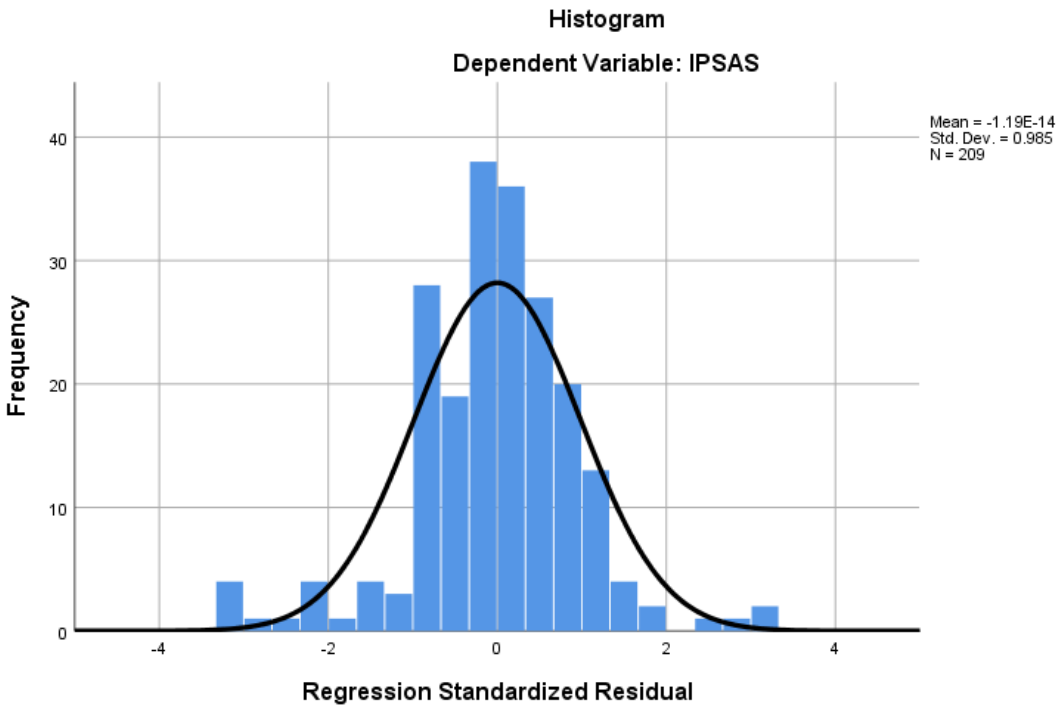
Descriptive Statistics					
	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
POC	209	-.806	.168	-.516	.335
SYR	209	-.537	.168	-1.180	.335
HRC	209	-.847	.168	-.493	.335
GOS	209	-.664	.168	-.609	.335
REP	209	-.335	.168	-1.212	.335
IMM	209	.432	.168	-1.072	.335
IPSAS	209	-.565	.168	-.083	.335
Valid N (listwise)	209				

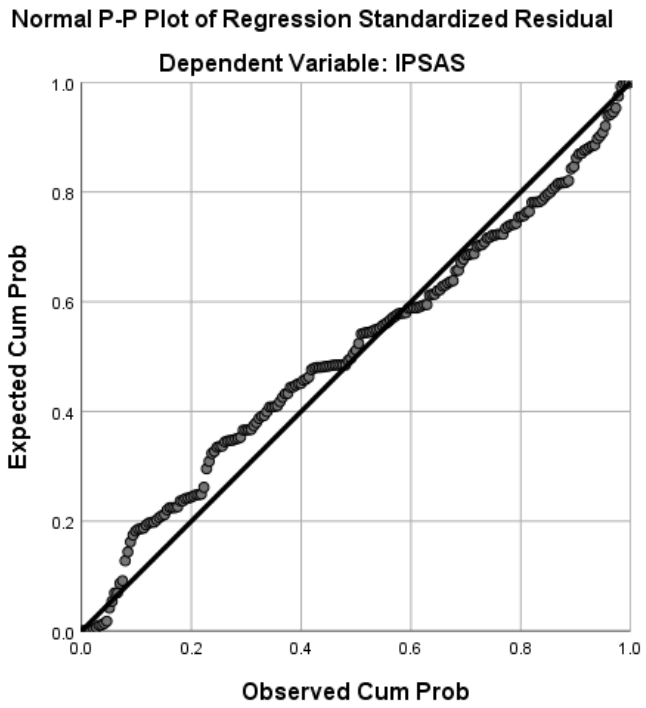
Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.788[a]	.621	.610	.64117
a. Predictors: (Constant), IMM, HRC, POC, SYR, GOS, REP				

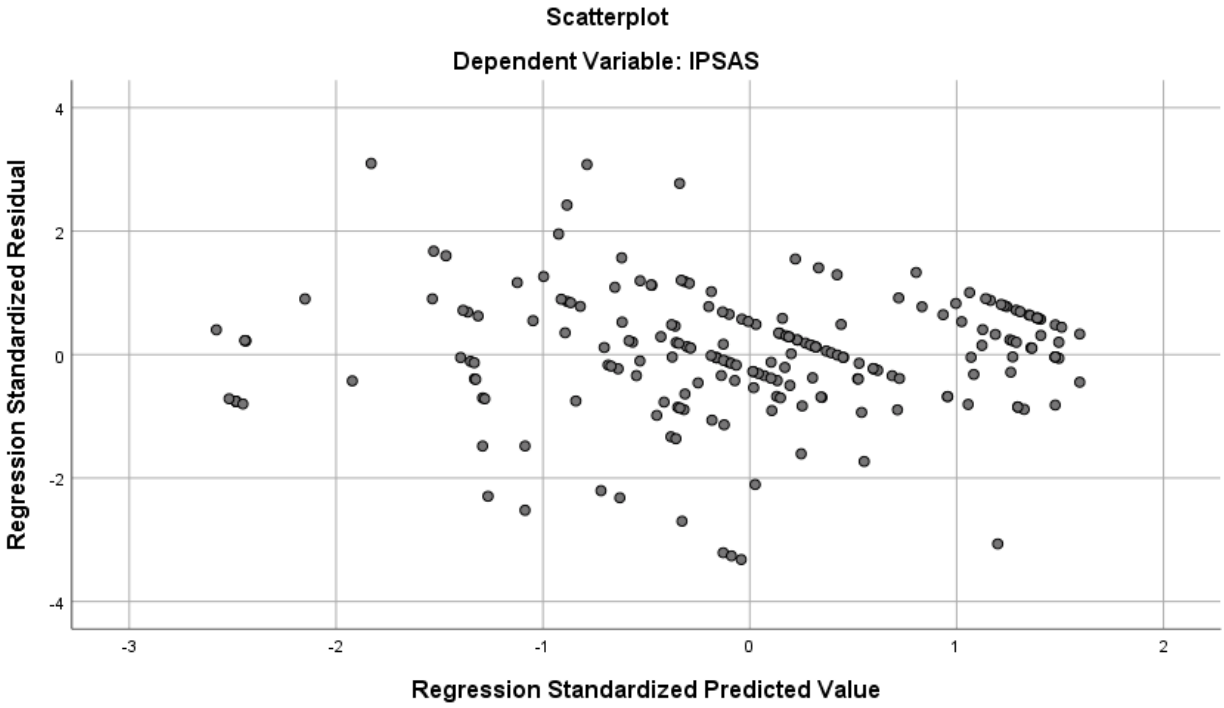
ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	136.260	6	22.710	55.242	.000[b]
	Residual	83.043	202	.411		
	Total	219.302	208			
a. Dependent Variable: IPSAS						
b. Predictors: (Constant), IMM, HRC, POC, SYR, GOS, REP						

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.389	.177		2.199	.029
	POC	.235	.041	.299	5.781	.000
	SYR	.131	.042	.172	3.160	.002
	HRC	.120	.048	.146	2.505	.013
	GOS	.203	.045	.248	4.536	.000
	REP	.102	.042	.138	2.449	.015
	IMM	.088	.041	.116	2.141	.033
a. Dependent Variable: IPSAS						

Construct	No. of Items	Cronbach's Alpha
Policy Commitment	5	.803
System Readiness	5	.811
Human Resource Competence	5	.785
Governance Support	5	.789
Resource Provision	5	.786
Implementation Maturity	5	.769
IFSAS	6	.798
Overall Reliability	36	.922




Normal P-P Plot of Regression Standardized Residual
Dependent Variable: IPSAS
Expected Cum Prob
Observed Cum Prob
0.0
0.2
0.4
0.6
0.8
1.0


Scatterplot
Dependent Variable: IPSAS
Regression Standardized Residual
Regression Standardized Predicted Value
4
2
0
-2
-4
-3
-2
-1
0
1
2