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FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING

A link between the regulatory framework of accounting reporting and the quality of financial reporting in Zimbabwe public sector

Case of Civil Service Commission

By

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Submitted in Partial Fulfilment of Bachelor of Commerce in Accounting Honours Degree

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Dedication

I dedicate this dissertation to my family; my father Alexander Tiki, my mother Mary Tiki, Bright and Tafadzwa. Thank you for your love and support, I will always be indebted to your profound love. Above all glory be to the Omnipotent God for taking me this far.

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ABSTRACT

PURPOSE OF THE STUDY: The purpose of this study is to examine the link between the regulatory framework of accounting reporting in Zimbabwe Public sector and the quality of financial reporting.

METHODOLOGY: The study used questionnaires to survey 15 staff members of Civil Service Commission .Qualitative and quantitative approach was used to determine the link between the regulatory framework of accounting reporting and the quality of financial reporting.

FINDINGS: Results indicate that the regulatory framework and quality of financial reporting are linked providing evidence of the effects of the regulatory framework on the quality of financial reporting

IMPLICATIONS OF RESEARCH: Scarce literature using African data means that it is not possible to compare the findings to previous research and research findings mean that the Zimbabwe public sector has to apply a more robust approach in enforcing the quality of financial reporting produced by government ministries.

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CHAPTER ONE: INTRODUCTION

1.1 Background to the study

The Civil Service Commission (henceforth C.S.C) of Zimbabwe is established under section 202 of the Constitution of Zimbabwe Amendment (No.20) Act 2013.As espoused in the Report of the Auditor General (2011) the central government uses cash accounting basis for appropriation accounts and accruals accounting for fund accounts. The cash basis makes use of the revenue and expenditure account. According to Tugaineyo (2011) financial reporting is the process of identifying, measuring and communicating economic information to permit informed and rational decisions to be made. Bukenya.(2014) states that quality attributes of financial reporting are reliability, relevance, accuracy, timeliness and understandability. The Regulatory Framework of Accounting Reporting in Zimbabwe consists of the Public Finance Management Act (Chapter 22:19), Constitution of Zimbabwe Amendment (No.20) Act 2013, Accounting Procedures Manual 1984 and the Treasury Instructions 1996. The Accounting Procedures Manual and the Treasury Instructions require the government ministries to maintain their books of accounts on cash basis. Accounting Procedures Manual section8(2) clearly states that there should be preparation of final accounts at year end and the Treasury Instructions further denotes that proper books of accounts should be maintained. The Public Finance Management Act Section 49(2) elaborates that a public entity should submit annual reports and financial statements which represent the state of affairs of the entity, its business, its financial results, its performance and its financial position at the year end. The Constitution of Zimbabwe Amendment (No.20) Act 2013 section 298(1) states that there must be transparency and accountability in financial matters. Although there is the presence of the regulatory framework of accounting reporting there have been concerns raised with the quality of financial reporting in the public sector particularly C.S.C. in this research. Irregularities in the accounting reporting in C.S.C. are evidenced by findings of faults and weaknesses from both Internal Audit and Auditor General Reports for 2009, 2010 and 2011 respectively. The Auditor general Reports showed the accounting discrepancies amounting to US $219 093 of outstanding disallowances for 2009, US$57892 of unauthorized excess expenditure for 2010 and US$29 850 of purchases not approved that occurred in the C.S.C. Revenue amounting to US$67 574 from Civil Service Bus operations was not paid into the Exchequer Account but retained in the Bus Fund's Bank Account in violation of the Public Finance Management Act section 18(2).A quotation for motor vehicle repairs valued at US$2 700 was approved for payment as US$27 000 which effectively overpaid the creditor by US$24 300(Internal Audit Report2011). The following table below shows irregular transactions that occurred in C.S.C (Chief Internal Auditor Reports 2009-2011)

Table 1.1 Irregular Transactions (2009-2011) .

Type of irregularity	2009	2010	2011
Goods and services not delivered	400 350	430 000	500 000
Dual payments	70 000	80 000	100 000
Unvouched expenditure	200 000	250 000	350 000

Source: C.S.C. Internal Audit Reports

The above table shows a trend of irregularities for a continuous period of three years which indicate a problem which need to be addressed. The table shows an increase on unvouched expenditure between the period 2009-2011 from US$200 000, US$250 000 and US$350 000 that is (25%) and (40%) respectively. The increase can be attributed to the weak record keeping .Goods and services increased from US$ 400 350, US$430 000 and US$500 000 thus (7.4%) and (16.3%) respectively. The increase can be due to the weaknesses of internal checks and control of the system. Dual payments also increased from US$70 000 in 2009 by (14%) to US$ 80 000 in 2010 and (25%) to US$100 000. Nkundabanyanga S et al (2013) states that there is need to improve quality of financial reporting and enhance accountability.

1.2 Statement of the Problem

In the CSC there is no adherence to the regulatory framework and the proposed IPSAS by the International Public Sector Standards Board. This has directly affected the quality of financial reporting which ultimately misleads the users of such accounts. Inappropriate decisions can be made if there are no proper financial statements.

1.3 Main topic

What is the link between the regulatory framework of accounting reporting and the quality of financial reporting in the Zimbabwe Public Sector?

1.4 Research Objectives

The research aims to:

- To analyse the current regulatory framework in the public sector.
- To establish the challenges being encountered in enforcing the accounting regulatory framework in the public sector.
- To establish the relationship between the regulatory frameworks of accounting reporting and the quality of financial reporting in Zimbabwe public sector.
- To assess other factors which could contribute to quality of financial reporting.
- To outline the best industrial practice for both the regulatory framework of accounting reporting and the quality of financial reporting.

1.5 Sub Research Questions

The topic gives rise to the following sub research questions:

- What is the current regulatory framework in the public sector
- Which challenges are being encountered in enforcing the accounting regulatory framework in the public sector?
- What is the relationship between the regulatory framework of accounting reporting and the quality of financial reporting in Zimbabwe
- Are there any other factors which could contribute to the quality of financial reporting?
- What is the best industrial practice for both the regulatory framework of accounting reporting and the quality of financial reporting?

1.6 Significance of the Study:

The research will provide an opportunity to the researcher to apply the knowledge and the skills acquired during the period of study and try to find solutions that would improve the quality of financial reporting in the public sector. The researcher will also be able to critically analyse the current regulatory framework in the public sector and its relationship with quality of financial reporting. The research would also benefit the Civil Service Commission and the public sector as a whole of minutes and circulars which govern financial reporting. The research will also act as a source of valuable information for further research by scholars

1.7 Ethical consideration

The researcher will undertake to observe all ethical considerations, protect and treat all information obtained during the study as confidential. The information acquired will be used for the purposes of study.

1.8 Delimitations of the Study

The research is going to focus on the relationship between accounting regulatory framework in the public sector and the quality of financial reporting. The research is carried out in Harare at CSC during the period 2009-2011.

1.9 Limitations

Scarce literature using African data meant that it was not possible to compare the findings to previous research.

1.10 Assumptions

1.10.1 No policy changes will be made that will be made that will affect the study**.**

1.11 Definition of terms and Acronym

- C.S.C**.** Refers to Civil Service Commission.
- Management**.** Refers to all senior staff
- ROSC Refers to the Report on the Observance of Standards and Codes
- IPSAS Refers to the International Public Sector Accounting Standards
- AG Refers to the Auditor General

1.12 Summary

This chapter looked at the background of the study, statement of the problem, research objectives, main research question, significance of the study, limitations and delimitations of the study, period of study and definition of key words. The next chapter looks at the related literature to the research.

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

In this chapter, the researcher intends to clearly highlight the concept of the link between the regulatory framework and the quality of financial reporting in the public sector. It will focus on the current regulatory framework in the public sector, the challenges being encountered in enforcing the accounting regulatory framework; assess other factors which could contribute to quality of financial reporting and any best industrial practice for both the regulatory framework and the quality of financial reporting.

2.1 The Current Regulatory Framework in the Public Sector

2.1.1 The Current Regulatory Framework

According to Bukenya M. (2014) the regulatory framework of accounting reporting are a system of regulations and the means to enforce them usually by a government to regulate financial reporting in its country. The regulatory framework of accounting reporting in the Zimbabwe public sector consists of the Public Finance Management Act(Chapter 22:19), Constitution of Zimbabwe Amendment(No.20)Act 2013, Accounting Procedures Manual and the Treasury Instructions handbook. The Accounting Procedures manual and the Treasury Instructions give instructions on how government ministries should maintain their books. The accounting Procedures Manual and the Treasury Instructions clearly state that the public sector should maintain its books the cash basis way. The Public Finance Management Act Section49(2) denotes that a public entity should submit annual reports and financial statements which represent the state of affairs of the entity , its business , its financial results, its performance and its financial position at the year end. The Constitution of Zimbabwe Amendment (No.20) Act 2013 section 298(1) states that there must be transparency and accountability in financial matters.

2.1.2 Strengths of the Current Regulatory Framework

2.1.2.1 It gives provision of better quality reporting

Hope O. (2009) noted that the regulatory framework is expected to bring quality reporting because its enforcement reduces instances of financial reporting –related fraud. Ball. R. (2011) agrees with Hope O. by stating that it increases the reliability of the financial reports. However some authors are on the contrary in the likes of Inchausti . A . G. and Jeanjean.T.et al .Inchausti A. G. (2013) suggested that there was strong increase in disclosure in Spain even before being compulsory and this made most of those in the public sector to resist the regulatory framework. Jeanjean T. et al (2010) espoused that the pervasiveness of earnings management did not decline despite the presence of the regulatory framework in the United Kingdom and Australia and in fact increased in France suggesting that the regulatory framework is of no importance. Inchausti A. G. (2013) and Hope O.(2009) all contended that studies focusing on the public sector in general are limited and in the case of the government in particular are non–existent thereby making it difficult to assess the enhancement of the quality reporting. .However after a thesis of what the above authors are contending the Zimbabwe regulatory framework of accounting gives provision of better quality reporting as Hope .O.(2009) states. For example the Public Finance Management Act Section 49(2) elaborates that a public entity should submit annual reports and financial statements which represent the state of affairs of the entity, its business, its financial results , its performance and its financial position at the year end. Although there is the presence of the regulatory framework there seem to be decline of quality of financial reporting as espoused by Jeanjean.T.et al (2010). For example in the Auditor General Report of it was stated that Civil Service Commission had revenue amounting to US$67 574 from Civil Service Bus operations which was not paid into the

Exchequer Account but was retained in the Bus Fund's Bank Account in violation of the Public Finance Management Act section 18(2).

2.1.2. 2 It calls for fully qualified staff to produce financial reports

According to Uddin S.(2010) financial reporting calls for competent and the inclusion in the regulatory framework of chapters and sections which clearly indicate duties of accountants officers helps to curb fraud. Kulshreshtha P. (2012) further stipulates that the regulatory framework is the law that governs accounting officers and is of great importance. However Allen R. (2013). and Ewert R. (2011) all agree that the regulatory framework does not clearly indicate the duties of accounting officers and all those responsible for holding government monies therefore it needs to be improved. A link to the current study can be drawn from the above authors. The Accounting Procedures Manual Section 8(2) denotes that an accounting officer should prepare final accounts at year end and the Treasury Instruction further espouse that the accounting officer should maintain proper books of accounts. The Accounting Procedures Manual and the Treasury Instruction calls for qualified staff as stated by Uddin.S.(2010) and Kulshreshtha .P.(2012). As Allen.R.(2013) and Ewert .R. (2011) however argue there is need to clearly indicate duties of all those who hold monies in the public sector.

2.1.3 Weaknesses

2.1.3.1Some of the regulatory framework is not current

According to Yamane T. (2012) some of the regulatory seem to be outdated hence they give biased information. For instance Zimbabwe uses the Accounting Procedures Manual and the Treasury Instructions which were published in 1984 and 1996 respectively. Sunder .S.(2013) stated that if there is no current regulatory framework the financial reporting is going to be compromised .However, Street. D. I. (2011) .differs with what the above authors express stating that the updating of the regulatory framework might not be of great effect suggesting that concerned staff should be highly competent. Sekaran U. (2012) further expresses that staff should be highly trained. Cronbach .L. J.(2009) and Dereli. C. seem to be neutral. Cronbach L. J. (2009) stated that it is difficult to note the updating of the regulatory framework as a weakness because he does not find the link between the two. Dereli C. (2011) gave an opinion that updating does not affect anything. The Zimbabwe regulatory framework consists of the Accounting Procedures Manual and the Treasury Instructions which were last updated in 1984 and 1996 respectively. This has really proved to be a weakness because the figures which are used in the books were regulated during the Zimbabwe dollar era. This has compromised the financial reporting as stated by Yamane.T. (2012) and Sunder . T. (2013).

2.2.0 Challenges in enforcing the regulatory framework

2.2.1 Financial challenges

According to the World Bank (2010) on the Report on the on the Observance of standards and Codes in Uganda the implementation would be a challenge and potentially high cost project that would need several years. Sharma U. (2010) noted that there is need for diversified and intensive training for staff therefore the government should be prepared to release a lot of money. However some are on the contrary. According to Anastasi A. (2013) whether there are any financial costs that the government is to pass through it should not be noted as a hindrance or challenge but it should be seen as stepping stone for improving financial reporting and it would be for the great advantage for a nation as a whole. Krejcie R. V. et al (2013) further espoused that finances for the implementation should be made available and should always be in place for enforcement to take place. Some authors are neutral. Nunnally J. (2013) and Bryant S. M. (2012) stated that the government should employ staff who should have been trained government accounting and hence they do not see any need for financial challenges but they observe the need for competent staff. To note in the Zimbabwe's situation is the fact that Zimbabwe is going through an economic recovery as stated by the by World Bank report (2011). Taking this consideration financially Zimbabwe is still on its recovery. Zimbabwe may not be able to the potentially high costs needed for the project as espoused by Sharma.U.(2010) though there is need for training of staff in the Zimbabwe public sector as espoused by Anastasi.A.(2013).

2.2.2 Compliance challenge

Kasumba S. (2010) espoused that the public sector is not willing to comply with the regulatory framework. The government staff does not follow and abide by what is regulated .Nkundabanynga S. (2013) stated that despite the existence of the regulatory framework government ministries in Uganda failed to prepare bank reconciliation statements, and did not prepare timely financial statements. Nunnally .J. (2013) and Ashbaugh .H.(2013) are on the contrary. Nunnally J. (2013) stated that the regulatory framework appear to be of significance in disclosure in Spain suggesting it is being complied to. Ashbaugh H. (2013) further noted that the regulatory framework is being complied with in France and there was transparency in the public sector. Stolowy.H. is neutral. Stolowy H. (2013) argued that there is need for training of staff. Morgan stipulated that there is no need of suggesting compliance as a challenge but blamed ignorance. As Nkundabanyanga.S.(2013) stated in the Zimbabwe public sector there is no compliance to the regulatory framework. For example the Public Finance Management Act Section 49(2) clearly states that there should be a full set of accounts to be presented but there only the cash and payments accounts which is used. Mrs Chiri the Auditor General espoused in her 2010 report that there was an unauthorised excess expenditure of US$57 892 made in 2010 made by the Civil Service Commission.

2.2.3 Transparency and Accountability Challenge

Acccording to Tremolet . S.et al (2011) many regulators are not transparent in the way they arrive at their decisions, which breeds suspicion and mistrust.Tremolet.S et al (2011) further state that transparency requires all stakeholders to understand and develop confidence in the regulatory process and decisions which include the clarifying of objectives and functions of regulation. Maskin .A. et al(2010) emulates that a common problem in developing countries is that agents involved in the regulatory framework process are not fully accountable to their principals. However Hope.O. (2009) and Inchausti.A.G. (2013) argue that transparency and accountability is not a challenge because the stakeholders (the public sector) should be actively involved in the regulating process. Allen.R.(2013) and Ewert .R. (2011) denote that there is only need for cooperation. In the public sector in Zimbabwe the stakeholders (public sector) and the regulators seem not to consult one another during the regulating process. There is no transparency and accountability later .For example the Accounting procedure Manual was last updated in 1984 thereby decreasing the level of transparency and accountability.

2.2.4. Lack of regulatory capacity and confidence.

According to Eberhard .A. (2010) the developing country regulators face a lot of issues around regulatory substance that is quality, credibility and impact of their regulatory framework decisions. He also states that inadequately trained and experienced regulators in adversely affect the regulatory framework processing. Tremolet .S. (2011) agrees with Eberhard.A.(2010) by denoting that lack of specialized skills in utility regulations is the most frequently reported constraint. Street .D. I. (2011) and Cronbach L.J. (2009) state that every public sector has a regulatory capacity and should be confident about it. Yamane .T.(2012) and Kasumba. S. (2010) are on the neutral side and they state that there should just be a regulatory framework. The quality, credibility and impact of the regulatory framework as stated by Eberhard.A.(2010) is major challenge in the Zimbabwe public sector considering that some of the regulatory handbooks were last updated in 1984 and 1996. This can give discrepancies in the financial reporting. This clearly shows lack of regulatory capacity and confidence.

2.3 Link between the regulatory framework and quality of financial reporting

2.3.1 High quality financial reporting and strong enforcement of regulatory framework

Inchausti A. G. (2013) stated that as far as the regulatory framework is concerned the regulatory framework appeared to produce a strong increase in disclosure in Spain even before being compulsory suggesting that the regulatory framework can make a difference. Sunder S. (2013) stated that the enforcement of the regulatory framework and violations prosecuted give provision for better financial reporting. Sunder .S. drew his sample from twenty-two countries. Although Inchausti . A. G. (2013) and Sunder.S . (2013) are agreeing there are some authors who are on the contrary.

Jeanjean T. (2010) noted that there is no link between regulatory framework and quality of financial reporting. He noted that although there was strong enforcement of the regulatory framework there was low quality of financial reporting. Gumb B. (2012) also denoted the same.Some authors were neutral like Wagenhofer A. (2013) Sekaran U. (2012). Do not see any relationship between the two. The Public Sector in Zimbabwe Sector the regulatory is not being fully enforced. This is evidenced by a lot of discrepancies noted in the Annual Auditor General Reports. For instance the violation of the Public Finance Management Act section 18(2) by the Civil Service Commission when it retained US$67 574 instead of paying it into the Exchequer Account.

2.3.2. Updated Current Regulatory Framework and High Quality Financial Reporting

Nkundabanyanga .S. et al (2013) and Stolowy .H. (2013) clearly emulate that the regulatory framework has an important role to the quality of financial reporting. They state that an regulatory framework that is updated gives financial information that is of high quality thus it will be relevant, comparable, reliable and understandable. Anastasi .A.(2013) and Wagenhofer.A. (2013) state that an updated current regulatory framework does not have any link with high quality financial reporting instead competent staff contributes to high quality financial reporting. Jeanjean .T. (2010) and Sekaran .U. (2012) espouse that there is no link between the updating of the current regulatory framework and the quality of financial reporting. The accounting regulatory framework in Zimbabwe has been affected by the regulatory framework that is not updated as espoused by Nkundabanyanga .S.et al .The quality of financial reporting is based on the regulatory framework for instance the Accounting Procedures Manual was last updated in 1984.This will automatically give poor referencing since most of the information is out of date

2.4.0 Other factors contributing to quality of financial reporting

2.4.1 International Public Sector Accounting Standards (from henceforth IPSAS)

According to Kothari S. P. (2012) IPSAS are developed and overseen by the International Public Sector Accounting Standards Board. The Board's purpose is to increase transparency through establishment of high quality standards and comprehensive information on financial reporting. He further stated that one key obstacle is that the implementation of harmonized accrual based standard would be challenging and potentially high cost project that would need several years and implementation is costly since reforming some or public accounting across many or all government entities will require training of staff and major changes required to many underlying information technology systems. Street D. (2011) emulated that there might resistance to change. IPSAS has other advantages as Bukenya M. (2014) outlined. IPSAS improve governance by providing accounting reports in a clear, concise, consistent and comparable format. Kothar S. P. (2012) also highlighted that IPSAS based formats may also provide a valuable input for future developments in the domain public sector accounting and the financial statement can be comparable because they are uniform. IPSAS are not being used by the public sector in Zimbabwe , there adoption in Zimbabwe will bring transparency as espoused by Kothari.S.P.(2012).

2.4.2. Competent and Skilfull Staff Public Sector Accounting

Hope.O. (2009) espoused that competent staff in the public sector are vital to increase quality of financial reporting and reduce discrepancies in financial reporting .Ball.R.(2011) supports Hope.O.(2009) by stating that there is direct relationship between competency of staff and the quality of financial reporting. Competency of staff also increases reliability of financial reporting. Kothan.S.P. (2012) and Bukenya. M.(2014) emulated that the competency of staff does not have any relationship with the quality of financial reporting but purport that quality of financial reporting is only related the regulatory framework. Whilst Bryant.S.M(2012). and Anastasi .A.(2013) stated that quality of financial reporting is only financial reporting so they do not see any link. The public sector has competent staff but is not skillful with public sector accounting. For example in the Auditor General Report (2011) , the Auditor General Mrs Chiri observed that there was lack of reconciliations of bank accounts and failure to properly account for revenue all these being attributes of lack of skills in public sector accountability.

2.4.3. The need for competent regulators

Tremolet.S. et al (2011) and Eberhard.A.(2010) espouses that there is need for specialized skills in utility regulation. Tremolet et al (2011) further state that it is critical that core regulatory competencies are developed in order to strengthen the regulatory framework. Eberhard (2014) postulates that competent regulators will result into quality and credible regulations. Sekaran. U. (2012) and Jeanjean. T.(2010) emanate that what is only required is the cooperation between the public sector and the regulators not competent regulators. Sunder.S.(2013) and Wagenhofer .A. (2013) are indifferent as they state that the quality of financial reporting is dependent on the competency of staff. The public sector in Zimbabwe is dependent on the competent regulatos and therefore need improvements.

2.4.4 Training and Workshops

Sreet.D. (2011) and Bukenya. M. (2014) postulate that there is need for staff in the public sector to undergo trainings on government to keep them abreast of the change with changes in the system. They also note that it is important that staff go through training because they will also give out problems they are facing when preparing accounts and they will map the way forward. Innchauti .A.G. (2013) and Sunder.S.(2013) state that trainings and workshops are costly therefore the public sector should recruit personnel which is already has the necessary skills in government accounting. Wagenhofer .A. (2013) postulates that there is only need for competent regulators. The public sector needs to train its staff to improve financial reporting quality.

2.5.0 The best industrial practice

2.5.1 The implementation of IPSAS

The best industrial practice for accounting reporting is the implementation of IPSAS. According to Kothan S.P .(2012) the IPSAS Board aims to enhance the quality and transparency of public sector financial reporting by establishing high quality standards for use by public sector entities promoting the acceptance and international convergence to IPSAS and providing comprehensive information for public sector financial management and decision making. Bukenya M.(2014) state s that IPSAS improve governance by providing accounting reports in a clear , concise ,consistent and comparable format. He also states that the financial statements are comparable because they are uniform.Nkundabanyana.S. et al (2013) and Nunnally . J. (2013) have different view. Nunnally J. (2013) and Nkundabanyana S. (2013) stated that although IPSAS were being in use the IPSAS seemed not to be of much effect because some discrepancies were being noted in the financial reporting for instance poor record keeping. Other authors are indifferent and they suggest that the use of International Accounting Standards is even better according to Bryant S.M.(2012) and Anastasi A(2013). The annual auditor general report of 2010 the central government uses the cash accounting basis for appropriation accounts an the accruals accounting for fund accounts. The cash accounting basis makes use of the cash and payment account. Though the public sector has been using this cash accounting basis there have a lot of accounting discrepancies that have been realized by the Auditor General which shows that the financial reporting needs improvements. The discrepancies according to the Auditor General Report (2011) among others unreliable accounting system, delays in submission of accounts, unvouched expenditure and non disclosure of payments. The implementation of IPSAS will go a long way in improving quality of financial reporting as espoused by Kothari. S. P.(2012). However according to the Pricewaterhousecoopers Report (2011) there are challenges in implementation of IPSAS and these include costs to be incurred in the implementation of IPSAS and the varying levels of national regulations relating to auditors and prepares of financial statements as well as a history of developing ethics codes to meet local requirements.

2.5.2 Updating and fully enforcing the Regulatory Framework

Hope O. (2009) noted that the regulatory framework is expected to bring quality reporting because its enforcement reduces instances of financial reporting related fraud. Ball R. (2011) stated that it increases reliability of financial reports. However some authors disagree. Jeanjean T. (2010) stated that the pervasiveness of earnings management did not decline. Inchausti A. G. (2013) espoused that those in the public sector resisted the regulation framework in the current. The Accounting regulatory framework in the public sector in Zimbabwe needs to be updated and should be fully enforced.

2.5.3 Financial Reporting Management

Jeanjean.T. postulate that there is need for the top management responsible for the overseeing of junior officer"s work to be on high alert of any financial reporting discrepancies daily. Street .D. clearly states that the accounts manager should check the work done by his juniors on a daily basis. Financial reporting must be transparent and reliable. Nunally.J.(2013) and Nkundabanyana.S. (2013) clearly state there is no need for the supervisors to monitor their juniors. They argue that there is need for the junior officers to work on there on . Hope . O. (2009) and Ball . R. (2011) states that they see no need for financial reporting management but the need to adhere to regulatory framework. The public sector needs to apply financial reporting management skills for it to have high quality financial reporting.

2.5.4. Recruitment of enough competent personnel to work in financial reporting

Kothan. S.P.(2012) and Ball .R. (2011) espouse that recruitment of enough personnel is vital and they should be competent to do the job. They further argue that if there is no enough personnel work will be compromised and hence financial reporting quality will also be compromised. Kothan.S.P (2012) postulates that financial reporting requires the financial reporting that a layman can have. Inchausti. A. G.(2013) and Jeanjean .T. (2010) argue that personnel can be recruited without the relevant financial reporting expertise but will later be trained on the job. Cronbach. L.J. (2009) and Dereli .C. (2011) however states that there is need to just abide by the regulatory framework. The Zimbabwe regulatory framework should include recruitment of enough and competent personnel as a requirement to increase quality of financial reporting in the public sector.

2.5.5 Introduction of lucrative salaries for accountants to attract highly competent accountants.

As espoused by Stolowy.H. (2013) and Kothari .S. P.(2012) in order to attract competent staff lucrative salaries have to given .Stolowy.H.(2013) state that lucrative salaries will reduce financial reporting related frauds. However Sekaran.U. (2012) and Inchauti . A. G. state that there is no need to pay lucrative salaries to accountants, what is needed is good accounting regulatory framework. Jeanjean. T. (2010) emulate there is just need to recruit competent staff only. The public sector in Zimbabwe is still facing financial challenges, but the need to attract highly competent staff is needed as stated by Kothari. S.P.(2012).

2.5.6 Engage in Seminars and Workshops

Uddin. S.(2010) espoused that there is need to engage staff to seminars and workshops . This enhances their knowledge and skills. Kulshretha .P. (2012) states that seminars and workshops help to brighten the mind and one can acquire new skills. Jeanjean. T. et al (2010) emulate that seminars and workshops are expensive and therefore hence they should be done away with. Hope.O.(2009) states that if one is not competent for the job he should leave it. Bukenya.M.(2014) state that there is just be competent staff. It is vital that workshops be conducted in the Zimbabwe public sector as espoused by Uddin.S.(2010) though it is difficult because the public sector does not have adequate funds.

2.5.7. Engaging the Public Sector Personnel in Making the Financial Accounting Regulatory Framework

Tremolet .S. et al (2011) and Eberhard .A. (2010) state that the regulators should also include the public sector personnel in making the framework . Necessary consultations should be made in making the regulatory framework. This increases transparency and reliability on the framework and consequently it will also give high quality of financial reporting.Nkundabanyana.S. et al (2014) also denote the same. Bukenya . M.(2014) and Inchauti. A. G.(2013) argue that sometimes engaging of the public sector personnel by the regulaors may not be worthwhile , what is needed is a group of experts who know what they are doing. Wagenhofer.A.(2013) and Sekaran .U. (2012) are neutral and they state that what is needed in the public sector is high quality financial reporting. The Zimbabwe public sector may involve its staff in the forum but may junior staff may be indirectly involved. The involvement is vital for strengthening the regulatory framework and for transparency.

2.5.8. Engaging competent regulators

Tremolet.S.et al (2011) and Eberhard .A. (2010) elaborate that there is need to engage special skilled regulators to increase the quality, credibility and impact of the regulatory decisions. Tremolet.S. et al(2011) further state that core regulatory competencies are developed in order to strengthen the regulatory framework. Kothari.S.P. and Street.D.(2011) state that engaging competent regulators is not that all important. The important thing is what those in the public sector are observing because they are the ones on the ground. Jeanjean.T.(2010) and Sekaran.U. (2012) state that there is need to enhance quality of financial reporting. The Public sector in Zimbabwe does need to engage competent regulators so as to increase quality, credibility and impact of the regulatory decisions.

2.5.9. Introducing stiff penalties for public accounting related reporting crime or default

According to Tremolet.S. et al (2011) and Eberhard .A. (2010) there is need to introduce stiff penalties for those involved in unwanted behavior concerning public sector accounts. There is need to eliminate such behavior. Sekaran .U.(2012) and Inchauti.A.G. postulates that stiff penalties may make some shun the work of an accountant. Whilst Jeanjean .T (2010) is neutral and clearly states that caution should only be given to offenders. The Public Finance Management Act (Chapter22:19) Section 42 1(b) stipulate that an accountant should act with fidelity, honesty and integrity. Section 87 of the Public Finance Management Act an accounting officer shall go under disciplinary proceedings in the case of disciplinary proceedings.

2.5.10 To take into consideration the Auditor General's Recommendations and the Observations.

According to Nkundabanyanga et al (2013) the Auditor General's reports on the Ministry of Water and Environment in has lamented the quality of financial reporting from 2005 to 2010.This the Auditor General' s reports were not been taken seriously. Bukenya .M. also denote the same on Kenyan ministries. Kothan.S.P.(2012) and Nunnally. J. (2013) however argues that the regulatory framework and the quality of financial reporting does not depend on the auditor's reports. Hope.O.(2009) and Ball .R.(2011) state that they do not note any effect thus they are neutral. The observation of unvouched expenditure that was noted by the Auditor General from 2009 to 2011 shows that the government ministries are not taking these observations and recommendations seriously hence the quality of financial reporting is low. The Public sector should take what the Auditor General has observed seriously that it is the duty of the Auditor General to audit and report on accounts of all persons entrusted with public monies or State property under the Audit Office Act (Chapter 22:19).

Summary

This chapter looked at the related literature on the link between the regulatory framework and quality of financial reporting, challenges of enforcing the accounting regulatory framework, the best industrial practice for both, factors which could attribute to quality financial reporting. The various authors all concur that for public sector to have a quality financial reporting IPSAS and the Regulatory Framework should be implemented and enforced respectively. This literature reviewed that regulatory framework has an impact on the quality of financial reporting.

CHAPTER THREE: RESEARCH METHODOLOGY

3.0 Introduction

This chapter focuses on research methods used to undertake the research. The research instruments used in collecting the data as well as the population and sampling procedures are discussed. The data collection procedures and the research design are outlined in detail. The chapter will start off by highlighting the research design that will be used by the researcher in the link between quality of financial reporting and the regulatory framework of accounting reporting in Zimbabwe.

3.1 Research Design

According to Churchill .D. et al (2010) defines a research design as simply the framework or plan for a study used as a guide in collecting and analyzing data. Research designs group according to the purpose of the research that is descriptive or explanatory. For the purpose of this study the descriptive research design was used as it allowed both qualitative and quantitative information which was considered to be appropriate to find out the problem under investigation. Hepper. P. (2010) asserts that descriptive researches are plans that enable ascertainment of existence or demarcation of attributes of a certain assertion. The technique enabled the researcher to determine whether there was any correlation or link between the accounting regulatory framework and the financial reporting in the public sector. Leedy. M.. (2011) states that methodology is merely an operational framework within which the facts are placed so that their meaning may be seen more clearly. The research methodology therefore determines the effectiveness and representatives of the research results.

3.1.1 Descriptive Research Design

According to Leedy.M. (2010) descriptive research is an accurate representation of persons, events or situations. This type of research does not generate conclusions but rather provides facts upon which decisions can be based. Kotler .P.(2009) holds that descriptive research design is research undertaken when one needs to understand the characteristics of a certain phenomena to solve a particular problem. Descriptive research design served well in this setting as the research was curious to investigate the link between the regulatory framework of accounting reporting and the quality of financial reporting. The researcher also used this design because it is appropriate and enabled the use of various data collection methods. This enabled the researcher to challenge the existing theories as well as provided sources of new hypotheses. Descriptive research gave the researcher the opportunity to use both the qualitative and quantitative data analysis. Qualitative approach was selected because it is descriptive in nature hence filling the gap where the quantitative approach could not do justice. Thus qualitative approach enabled the researcher to document real events and record what people said through the use of questionnaires and interviews. Quantitative method was used to present the findings using graphs and tables.

3.1.2 Descriptive Case Study

Colombia (2013) asserts that descriptive case study is the gathering and analysis of in-depth data regarding certain participants and in most cases involves the study of the participants involved in the research. This is also asserted by Swaborn (2009) who defined case study as a method of qualitative descriptive research which primarily focuses on looking substantially at individual or small participant pool and coming up with a conclusion that is plausible in that context mostly. . However George and Andrew (2009), Yin (2012) argue that inasmuch that the case study research design is pivotal in research its main limitation comes from the general thinking that it is the exploratory phase of research to determine whether a topic is indeed worth of study and needs to be complemented by other statistical and formal methods

3.2 Research Methods

According to Swanborn . (2010) there are basically two research methods that are used in the collection of data namely qualitative research method and quantitative research method. According to Gunderson .A. (2010) quantitative research centers on interpreting phenomena through gathering of statistical data studied using mathematically centered techniques used in certain statistics. The researcher opted to use qualitative research method in the collection of data.

3.2.1 Qualitative Research Method

According to Monsen .F. (2012) state that qualitative research produces descriptive data therefore information is explained in words. The research resorted to using qualitative research method because it enabled gathering of an in depth understanding of the research of the link between the regulatory framework and the quality of financial reporting. In this regard the research adopted the use of interviews and questionnaires in order to have in-depth insight to the research study. Monsen.F. (2012) states that there are a variety of techniques suitable for securing qualitative data which include observing , in-depth individual interview , nominal process, the Delphi techniques and focus group interview. According to Anderson (2009) qualitative research involves complexities and subtleties which are often missed quantitative research method. The qualitative research also allowed the researcher to speedingly revise the framework or design as new information came up. Qualitative research also allowed the researcher to quickly revise or change the framework or design as new information emerges. The data obtained was based on human past experience.

3.3.0 Study Population

Population is the sum of the units within the sample. Wright .L.I. (2011) defines a population as entire group of people that is of interest to the researcher or meets the criteria that the researcher is interested in studying. In carrying out the research the Public Sector in Zimbabwe will be used the population. According Churhill.D. (2010) a targeted population or theoretical population is a group a study is interested in so as to come up conclusions. Sunder.S.(2013) also state that a target population might be included in a study that is the total amounts of number from which data can be collected. In short Chisaka.C. (2010) ascertain that there are two aspects of population which are target and accessible population.

3.4.0 Sampling

According to Churchill. D. (2010) sampling is the use of mathematical and stastical techniques in computing the authenticity of information through use of the probability. According to Yin. T.K. (2013) states that sampling involves choosing a small number of participants of a population though they will remain and reflect the attributes of the population they were selected.

Table 3.4 Sample size

Departments	Total population	Sample size	% Representation
Accounts	11	9	82
Finance	8	6	75
Total	19	15	79

Gratton and Jones (2010) state the need to balance a huge sample with possible limits based on cost and the observance of time required. Gratton and Jones (2010) assessed that a minimum of 30% sample would reflect study of attitude and other characteristics assert that an absolute minimum sample size. Swagon(2009) states that a sample with accurate levels of 10% the percentage average should normally be at least 50% of the total population which should be 100 units less. The sample size comprised of 6 people from finance department and 9 people from the accounts department. These represented 79% of the total population as there were 19 employees from the department.

3.4.1 Justification of using sampling.

The researcher discovered out the sampling provides information that is authentic, costs that would have been incurred when if the whole target could have been taken is reduced. Sampling also enabled the researcher to have time and quickly gather and obtain data which was important sample also enabled the user to seek more information that is in depth for understanding rather than if a census or a sample that is too large which would render the results equivocal. There is general consensus in research that too large a sample can be a waste of important resources (Machin et al., 2012)

3.4.2Sampling Techniques

Sampling methods are techniques that are used to select representative samples. There are various methods but for the purpose of this research the judgmental method will be employed. Easton (2010) stated that there are a number of sampling techniques which include random sampling, stratified sampling, quota sampling and spatial sampling. The researcher used stratified simple random sampling technique.

3.4.2.1 Simple random stratified sampling

Easton (2010) states that simple random stratified technique combines the attributes of stratified sampling and simple random sampling techniques. Easton (2010) furthermore denotes that stratified sampling is basically used when the population is mixed or dissimilar where certain homogenous, or similar, sub population can be isolated in the forms of strata. The researcher divided the heterogeneous population into homogenous sub strata such accountants, employees, and members of staff of the overall population in the same proportion as the target population. This enabled the sample comprehensive and to give a much representation of the target population which would produce unbiased information and effective information. Easton (2010) states that simple random sampling is the primary selection of subject or group from a population were selection is by chance and each subject or participant has an equivalent opportune of being synchronized in the sample. The use of simple random stratified sampling generates attributes in the sample that reflect the aggregate representation of the target population

3.5.0 Types of Data

According to (Machin et al., 2012) data is representation of reality. Data is categorized into primary data and secondary data. The researcher used both types of data in analyzing and coming up with this research study.

3.5.1 Primary data

Primary data refers to data structures of variables that have been specifically collected and assembled for the current research problem. Cooper. D. (2010) asserts that primary data is data collected from the field, that is from the target population. The data was collected through on-site research of targeted population through personal interviews and self administered questionnaires.

3.5.2 Secondary data

Frazer .L. (2012) suggested that secondary data is information that already exists which has been collected for another purpose .Secondary data was mainly taken from minutes and policies of the institution. The researcher used secondary data because it provided the starting point for further investigation into the link between the accounting regulatory framework and the quality of financial reporting. However careful regard was made in using secondary because most of the time secondary research is not presented in the form that the researcher would like it to be.

3.5.3 Validity and reliability of primary and secondary data

Sunders .S.(2010) defined validity as the extent to which a test measures what it is supposed to measure and also the appropriateness with which inferences can be made on the basis of the tests results. It is clear that the definition of validity has two parts. Firstly the measuring instrument actually measures the concept in question. Secondly the concept is being measured accurately. Unless the test is valid for the particular purpose for which it is being used the results cannot be used with any degree of confidence. In order to incorporate validity in the study the research ensured that each question was related to the problem and objectives of the study. Strauss .B. (2010) define reliability as the extent to which a specified procedure such as measure yields consistent observation of the same facts from one tune to another. Thus reliability refers to stability, consistency, accuracy and dependability of the instrument. To ensure that the research instruments were reliable and valid the researcher formulated questions that covered the content of each objective. Easy questions were asked to eliminate misunderstanding and ambiguity. Terms were defined. Questions that were related followed each other in sequence. This ensured a smooth flow of ideas. The researcher personally distributed questionnaires and respondents were given enough time to complete the questionnaires.

3.6 Pilot Testing

According to Collins (2010) it is a pre-study of a project or miniature of a project in that less subjects than one intended in full research project are used, or this is as a result of a smaller scope of study, as in some ways the range of types of subjects often maybe limited. For the testing of validity and soundness of questionnaires the researcher sent a few questionnaires and interview questions to the respondents and got feedback In order to test the validity and soundness of the questionnaires the researcher sent few questionnaires and interview questions to the respondents and got feedback. However Collins (2010) argues that completing a pilot study is not a guarantee of the success of the full scale project.

3.7.0 Research Instruments

According to Sunder .S,(2013) data collection instruments are techniques used to gather standard information from all sample respondents. The research made use of self administered questionnaires, internal documents and interviews.

3.7.1 Personal Interviews

Yin. T. K. (2013) asserted that the interviews are a face to face situation or telephone contacts in which the researcher orally solicits responses. An interview is any planned conversation between two or more people with a view to explore the unknown information from the interviewee. The researcher used face to face interviews as another main research tool in soliciting data. The interviews employed were in-depth in nature. In-depth interviews were chosen so as to investigate thoroughly the link between the accounting regulatory framework and quality of financial reporting.

3.7.2 Questionnaires

Chisaka .C. (2010) describes a questionnaire as an instrument for collecting data through carefully laid down questions chosen with a view of eliciting reliable responses from a chosen sample. Sunder.S. (2013) defined a questionnaire as a list of structured questions which are marked or given to a selected sample of individuals who record their responses and send back the questionnaire. Collins(2010) states that questionnaires entails numerous questions that are structured and presented either in electronic or printed so as to address the research objectives of a study. A questionnaire is referred to the respondent so as to respond and return the questionnaire.

3.7.3 Likert Scale

The researcher used likert scale .According to Bucci.H.(2013) questions using likert scale present a statement and respondents are asked to express agreement or disagreement on a scale.

Item	Strongly agree	Agree	Uncertain	Disagree	Strongly agree
Points	5	4	3	2	1

3.8 Data Analysis

According to Thordy (2009) data analysis is the interpretation and view of gathered data with emphasis. In addition Thordy (2009) asserts that it is important because it makes it possible for the use of the collected data.

3.8.1 Data presentation

Data presentation is mainly concerned with the tabulation, classification and structuring of quantitative in a form that can easily be interpreted. The researcher used graphical representations and tables because they can summaries data, orderly presentation and accurately shows information.

3.9 Chapter Summary

The Chapter looked at the research design and the research methods implemented in the collection of data. A strong analysis was made in order to justify the used of data collection methods such interviews and questionnaires as preference to other data collection methods.

CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS

4.0 Introduction

This Chapter tabulates and present the finding of the study collected from the interview and questionnaires and also gives the interpretation and the analysis of the data collected. The analysis and the presentation of the results provides a base from which conclusion of the study will emanate from.

4.1.0 Response Rate

According to Living .A. (2012) the response rate also known as the completion rate of return refers to the ratio of the number of people who responded to the research carried out administered through questionnaires or interview questions to the number of the overall sample size which can be also be shown as a percentage. This is also asserted by Hepper .P. (2010) who asserts that there is a direct relationship between the response rate and the authenticity of the study, thus the high the response rate the more it is reflective of the results of the study.

4.1.1 Questionnaire response rate

Table 4.1.1 Questionnaire response rate

Category of respondents	Population targeted	Administered	Successful	Response rate (%)
Accounts	11	9	9	82
Finance	8	6	6	75
Total	**19**	**15**	**15**	**79**

A total of 15 questionnaires were administered to the management and staff and there were 15 respondents. A response rate of 79% was achieved. Living . A . (2012) asserts that response rate is crucial in research such that a response of 50% is satisfactory, 60% is better and a response rate of more than 70% is excellent. The study achieved a response rate of 86%, this in turn implies that relevant and reliable results were collected. The table below shows the response rate achieved.

4.2.0 Stating whether there is any current regulatory framework governing public sector accounting in Zimbabwe.

All the fifteen respondents stated the current regulatory framework which consist of the Public Finance Management Act (Chapter 22:19), Constitution of Zimbabwe Amendment (No.20) Act 2013, Accounting Procedures Manual and the Treasury Instructions handbook. All the respondents had knowledge of the current regulatory framework in Zimbabwe.15/15respondents agreed showing a 100% response rate.

Responses	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	Total
No of respondents	15	0	0	0	0	15
Response rate	100%	0%	0%	0%	0%	100%

Table 4.2

4.3 The Institution's (public sector) adherence to the current regulatory framework

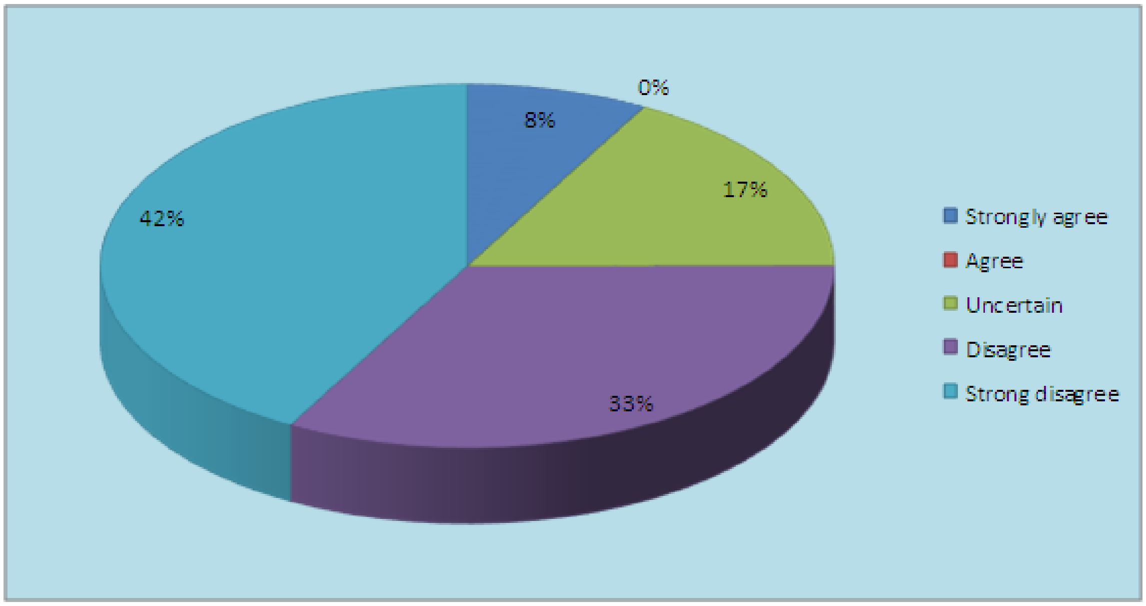

Fig 4.3

According to Fig 4.3 above 2/15 (13%) of the respondents strongly agree with the view that there is adherence to the regulatory framework by the public sector, 1/15 (7 %) also agree with the same notion, 1/5 (7%) were neutral, 3/15 (20%) disagreed and 8/15(53%) strongly disagreed. Overally 11/15 (73%) disagreed and this indicates that the respondents that there is lack of adherence to the accounting regulatory framework by the public sector. According to Hope. O. (2009) the regulatory framework is expected to bring quality reporting because it will positively reduce financial related fraud. Lack of adherence to the regulatory framework has an adverse effect on the quality of financial reporting as a lot of financial discrepancies will be observed.

However the 3/15 (20%) who agree that there is adherence to the current regulatory framework is an indication a few are adhering to the framework. This might mean that they know what the current regulatory framework requires. As Inchausti . A. G. (2013) state that studies focusing on public sector in general are limited and in the case of the government in particular are non – existent thereby making it difficult to assess the adherence to the accounting regulatory framework.

1/15 (7%) were uncertain on the subject matter. This emanate from either agreeing or disagreeing with those with extreme views.

A mode of 11 respondents disagree that lack the public sector adhere to the current regulatory framework. This persuades the researcher to conclude that lack of adherence to the current regulatory framework affect quality of financial reporting.

4.4.0 The Current regulatory framework up to date

4.4.1 Public Finance Management Act (Chapter 22:19)

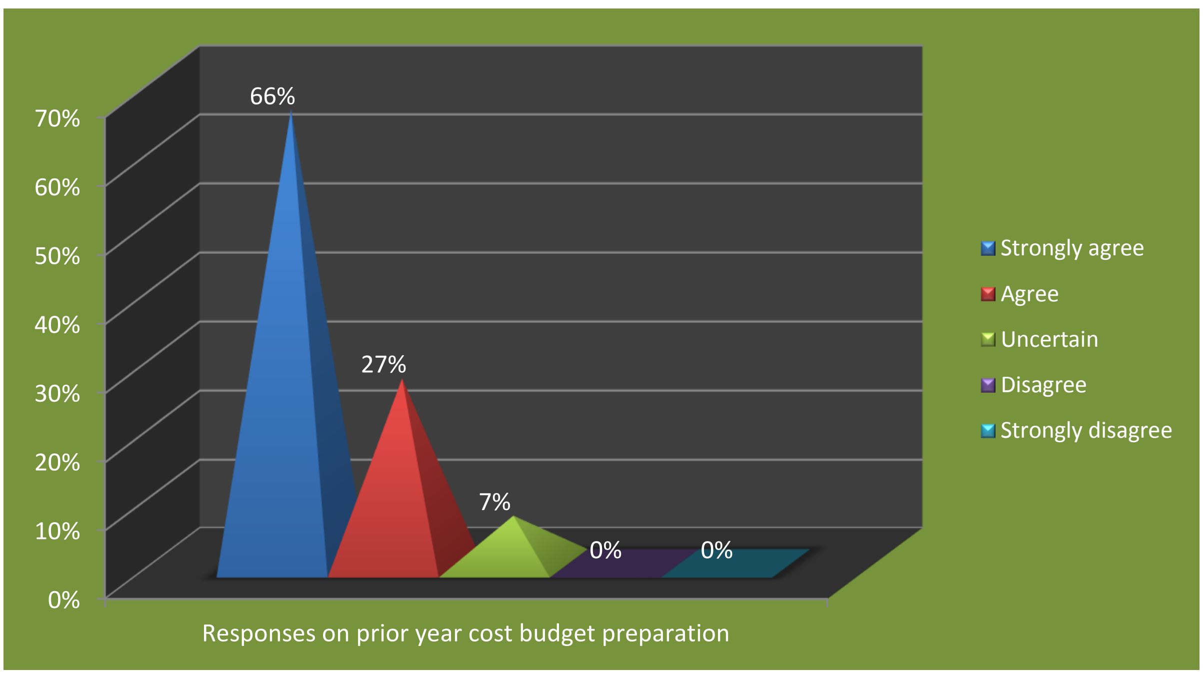

Fig 4.4.1

As shown in Fig 4.4.1 above 10/15 (67%) of the respondents strongly agree with the idea that that the Public Finance Management Act is up to date , 4/15 (27%) agree that the Public Finance

Management Act is up to date , 1/15 (7 %) is uncertain that the act is up to date . An overall of 14/15 (93%) respondents agreed and this indicates the respondents have adequate knowledge of what the Public Finance Management Act ascertains. Nkundabanyanga.S. et al (2013) and Stolowy. H. (2013) denotes that the regulatory framework has an important role to the quality of financial reporting. They state that an regulatory framework that is updated gives financial information that is of high quality thus it will be relevant, comparable, reliable and understandable.

1/15 (7%) were uncertain on the subject matter. This mean they are not aware of the Public Finance Management Act (Chapter 22:19).

A mode of 14 respondents agreed and the inference the researcher have is that some of the regulatory framework is up to date.

4.4.2 Constitution of Zimbabwe Amendment (No.20) Act 2013

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	13	1	1	0	0	**15**
Response rate (%)	86%	7%	7%	0%	0%	**100%**

Table 4.4.2

As indicated in table 4.4.2 above 13/15 (86%) of the respondents strongly agree with the view that the Constitution of Zimbabwe Act (2013) is up to date, 1/15 (7%) agree that the Constitution is up to date ,1/15 (7%) is uncertain that the Constitution is up to date. An overall of 14/15 (93%) agreed and this points out that the respondents have witnessed the effects of the Constitution of

Zimbabwe. This might emanate from the competence aspect. Ball.R. (2011) and Nunnally .J .(2013) asserts that the an updated regulatory framework is efficient and reliable.

1/15 (7%) were uncertain and this mean they are indifferent of any bias in selection.

A mode of 14 respondents agreed that the Constitution of Zimbabwe Act is up to date.

This information is represented on the table and chart below:

4.4.3 The Treasury instruction.

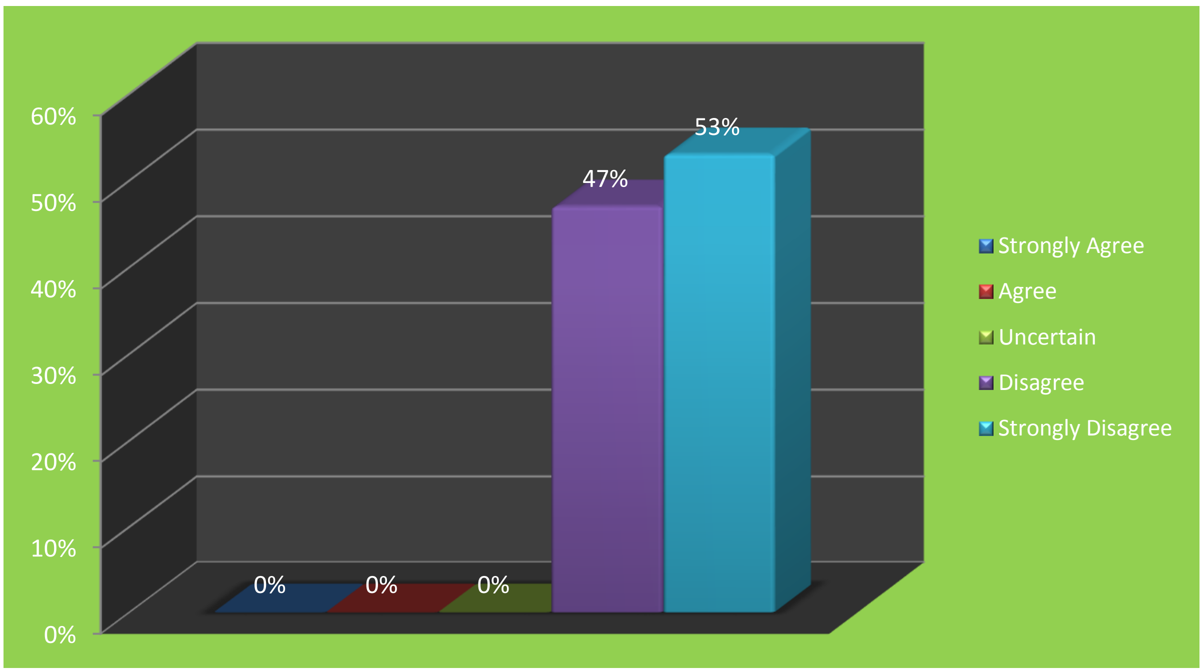

Fig4.4.3

As shown by Fig 4.4.3 the study ascertained that 8/15 (53%) of the respondents strongly disagree with the view that the Treasury Instruction is up to date and 7/15 (47%) disagree. An overall of 15/15 (100%) disagreed and this indicates that the Treasury Instruction is out of date. The Treasury Instruction handbook which is in use in the public sector was released in 1996 in the Zimbabwe dollar era and no adjustments has been made ever since. This negatively affects the quality of financial reporting. According to Yamane.T (2012) and Sunder .S. (2013) outdated regulatory system give rise to biased information and compromised financial reporting.

A mode of 15 respondents disagreed and this persuades the researcher to conclude that the outdated regulatory financial reporting affect the quality of financial reporting.

The information is represented on the table and graph below:

4.4.4 Accounting Procedures Manual

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	0	0	0	5	10	**15**
Percentage Responses (%)	0%	0%	0%	33%	67%	**100%**

Table 4.4.4

According to Fig 4.4.4 the research also found out that 10/15 (67%) strongly disagree with the view that the Accounting Procedures Manual is up to date and 5/15(33%) disagree. Overally (15/15) 100% disagreed with the notion that Accounting Procedures Manual handbook is up to date. The Accounting Procedures Manual handbook being in use was published and last updated in 1984. The overall 15/15 (100%) who disagreed indicate that the regulatory framework has discrepancies which need to be corrected. Street.D . (2011) and Sekaran .U . (2012) asserted that the regulatory framework must be updated for quality reporting.

A mode of 15 respondents disagreed and this infer outdated regulatory framework affect the quality of financial reporting.

The information is represented on the table and graph below

4.5.0 The Strengths of the Current Regulatory Framework

4.5.1 It gives provision of better quality reporting

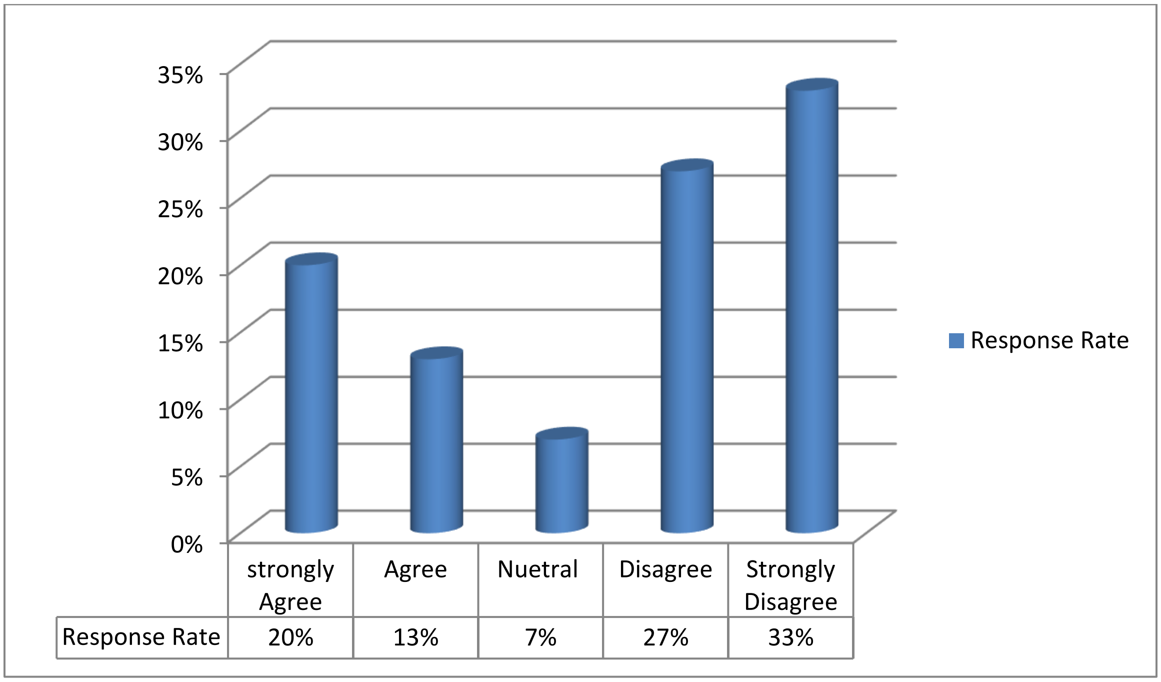

Fig 4.5.1

The diagram above indicate that the research ascertained that 3/15 (20%) strongly agreed that the current regulatory framework has a strength of giving provision of better quality reporting, 2/15 (13%) agreed, 1/15(7%) were uncertain, 4/15(27%) disagreed that the current regulatory framework gives provision for better quality reporting and 5/15 (33%) strongly disagreed. Overally 9/15 (60%) disagreed and this indicates that the respondents have observed high levels of ineffectiveness, unreliability and discrepancies in the financial reporting. This communicates that the current regulatory needs updating to give provision for better quality reporting. This is supported by Hope.O. (2009) and Ball. R. (2011) asserts that considering that regulatory framework should bring financial reporting.

1/15 (7%) who are uncertain indicates that with or without current regulatory framework in mind quality of financial reporting. A mode of 9 respondents disagreed and this persuades the researcher to conclude that it is prospective to realign the strength of the regulatory framework.

4.5.2 It calls for fully qualified staff

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No. of Respondents	5	4	1	2	3	**15**
Percentage Responses (%)	33	27	7	13	20	**100**

Table 4.5.2

Table 4.4.2 shows that 5/15 (33%) strongly agree that the current regulatory framework calls for fully qualified staff, 4/15 (27%) agree, 1/15(7%) are uncertain, 2/15(13%) disagree and 3/15 20% strongly disagree that the current regulatory framework calls for fully qualified staff. Overally 9/15 (60%) agreed and this indicates that in order to adhere to the regulatory framework and for it to have its strength highly qualified staff should be needed .Uddin .S. (2010) and Kulshreshtha .P .(2012) the inclusion in the regulatory framework of chapters and sections which clearly indicate the duties of the accounting officers to curb fraud as espoused in the Public Finance Management Act section 10 where duties of the accountant are expounded .

However 5/15 (33%) disagreed and this mean that even though the regulatory framework calls for fully qualified staff efficiency there are other factors that render it improbable . This is supported by Allen.R. (2013) and Ewerrt .R. (2011) who cite that the regulatory framework does not clearly indicate the duties of accounting officers and all those responsible for holding government monies therefore it needs to be improved.

1/15 (7%) was uncertain and this shows that whether it calls for fully qualified staff or not , the prospects fully qualified staff remains ambiguous.

A mode of 9 respondents agreed and this persuades the researcher to conclude that it is prospective to enforce the regulatory framework because it improves quality of financial reporting.

4.6.0Weakness of the current regulatory framework

4.6.1 Outdated Current Regulatory Framework

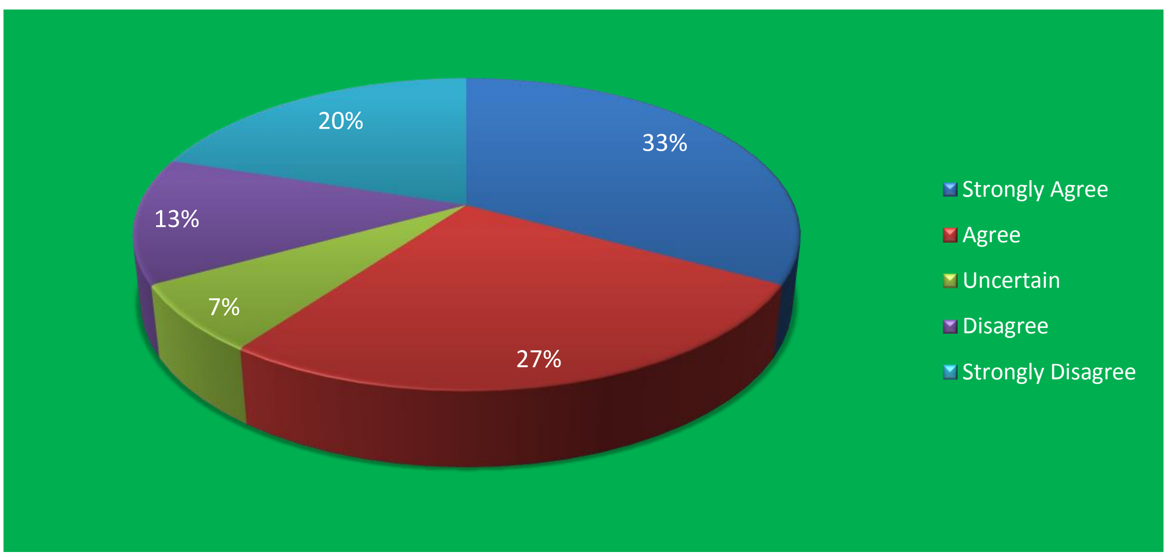

Fig .4.6.1

The diagram above indicate that the study ascertained that 5/15 (33%) strongly agreed to the weakness of the current regulatory framework, 4/15 (27%) agreed,1/15(7%) are uncertain , 2/15(13%) disagree and 3/15(20%) strongly disagree. Outdated regulatory framework will call for biased information and compromised financial reporting. The overall percentage of 9/15 (60%)

agreed. As espoused by Yamane.T.(2012) and Sunder . S. (2013) outdated framework give rise to discrepancies in financial reporting.

1/15(7%) were uncertain indicating that they were neutral.

A mode of 9 respondents agreed which infer the researcher to conclude that it is prospective to update the regulatory framework.

4.7.0 Challenges in enforcing the regulatory framework

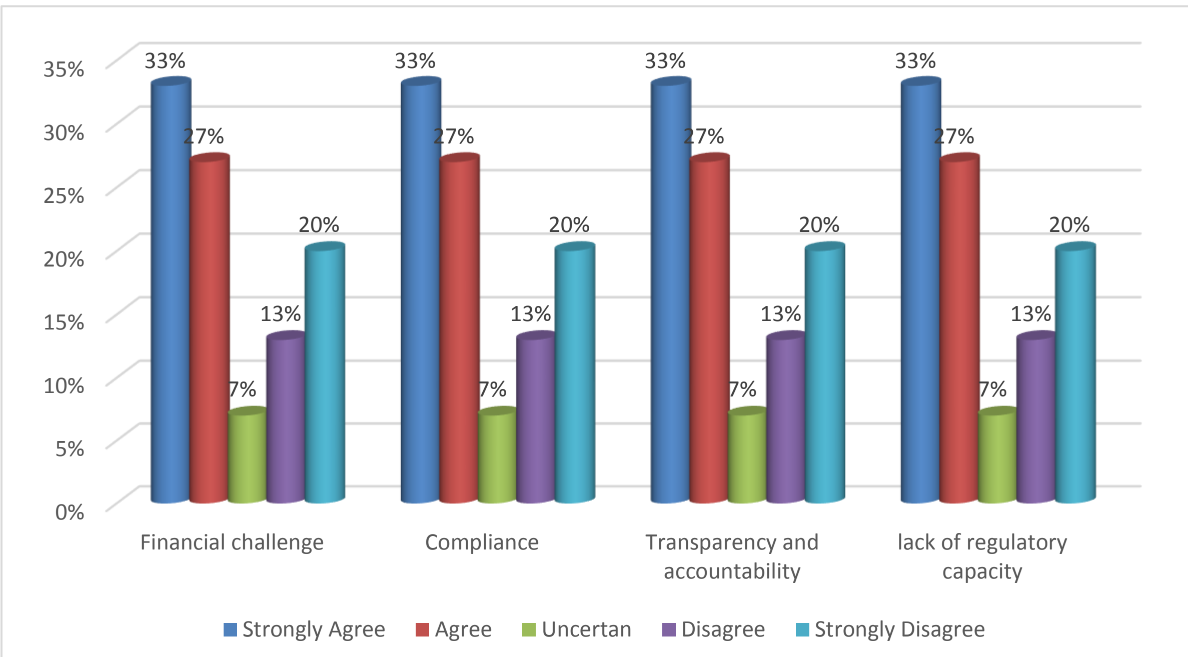

Fig 4.7

Financial Challenges

As indicated in Fig 4.7 above 5/15 (33%) strongly agreed that in enforcing the regulatory framework finances are a challenge, 4/15(27%) agree, 1/15(7%) are uncertain, 2/15(13%) disagreed and 3/15(20%) strongly disagreed. Overally 9/15 (60%) agreed. This indicates that the respondents observed that financial problems were proving to be a challenge in enforcing the regulatory framework..This is supported by World Bank(2010) on the Report on the Observance of Standards and Codes in Uganda when it stated that the implementation would be a challenge and potentially high cost that would need several years. W

However 5/15 (33%) respondents disagreed that finances are a challenge. The argument of the respondents are also echoed by Anastasi,A,(2013) and Krejcie.R.V. et al(2013) financial costs should not be hindrances but should be stepping stones for improving the regulatory framework ..The 1/15 (7%) were uncertain. This indicates that the respondents are not in position to determine the argument of on financial challenges.

A mode of 9 respondents agreed and this infer to the researcher that financial challenges are a hindrance in enforcing the regulatory framework.

This information is represented on the table and chart below:

Compliance challenge

The diagram above shows that the study ascertained that 5/15 (33%) strongly agree that compliance is a challenge in enforcing the regulatory framework, 4/15(27%) agreed, 1/15(7%) uncertain, 2/15(13%) disagreed and 3/15(20%) strongly disagreed. In aggregate 9/15 (60%) agreed.

This indicates the respondents feel that the there is compliance challenge in the public sector so as to enforce the regulatory framework. . This is also supported by Kasumba.S. (2010) and Nkundabanyana .S. (2013) who state that the public sector personnel do not follow and abide by the accounting regulatory framework.

5/15 ((33%) disagreed. This indicates that there are other factors. Nunnally.J.(2013)was being complied to in Spain

A mode of 9 respondents agreed, this persuades the researcher to conclude that it is prospective to be compliant considering that it enhances the regulatory framework and the quality of financial reporting.

Transparency and accountability challenge*:*

As shown in Fig 4.7 above the study ascertained that 5/15(33%) strongly agreed that transparency and accountability are challenges in the enforcing of the regulatory framework, 4/15 (27%) agreed, 1/15(7%) neutral, 2/15(13%) disagree and 3/15(20%) strongly disagree. In aggregate 9/15(60%) agreed. This indicates that the respondents noted that there is transparency and accountability challenge. This is supported by Tremolet.S. et al (2011) who stated that regulators are not transparent in the way they arrive at their decisions which breeds suspicion and mistrust.

5/15(33%) disagreed with other factors in mind. Hope,O.(2009) and Inchausti . A.G.(2013) argue that transparency is not a challenge because the stakeholder (public sector) should be actively involved in the regulating process. A mode of 9 respondents agreed this persuades the researcher to conclude that it is important to be transparent and compliant

Lack of regulatory capacity and confidence

Fig 4,7 shows that the study ascertained that 5/15 (33%) of the respondents strongly agree that the lack of regulatory framework capacity and confidence is a challenge in enforcing the regulatory framework.5/15 (33%) strongly agree.4/15 (27%) agree, 1/15 (7%) uncertain , 2/15 (13%) disagree and 3/15 (20%) strongly disagree. In aggregate 9/15 (60%) agreed. This indicates that the respondents observed that there is lack of regulatory framework capacity and confidence. Eberrhard.A. (2010) stated that the developing country regulators face a lot of challenge around regulatory framework which include quality, credibility and impact of their decisions. 5/15 disagreed. Street .D.I.(2011) and Cronbach .L.J.(2009) state that every public sector has a regulatory framework. A mode of 9 respondents agreed this persuade the researcher to conclude that it is vital to have regulatory capacity and confidence.

4.8.0. Link between the regulatory framework and quality of financial reporting

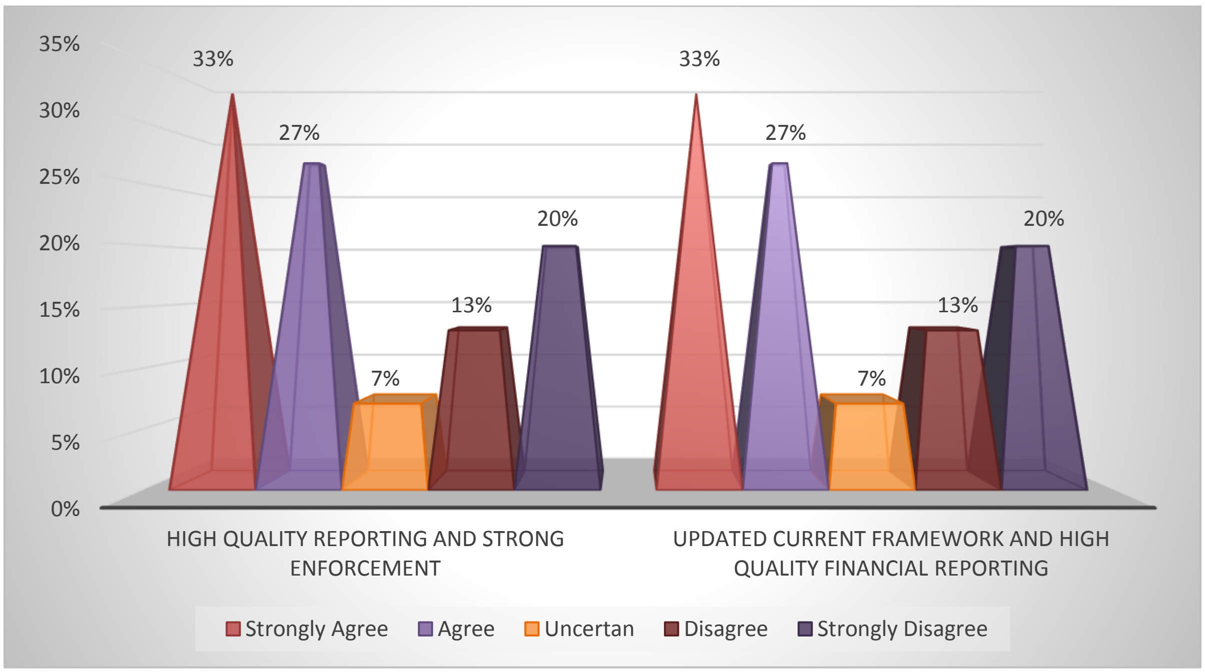

Fig 4.8

High quality reporting and strong enforcement of the regulatory framework

The diagram above shows that 5/15 (33%) of the respondents strongly agreed with the phenomenon that high quality reporting is led by strong enforcement of the regulatory framework, 4/15(27%) (7%) agree, 1/15(7%) uncertain, 2/15(13%) disagree and 3/15 (20%) strongly disagree, In aggregate 9/15 (60%) of the respondents agreed. This indicates that enforcement of law should be realized for high quality reporting. A mode of 19 respondents agreed. Basing on the mode the researcher can safely conclude that there is need for strong enforcement of the regulatory framework.

Updated current regulatory framework and high quality financial reporting

The diagram above indicates that the study ascertained that (5/15) 33% strongly agreed that current regulatory updated and high quality financial reporting is linked. 4/15 (27%) agreed. 1/15 (7%) uncertain, 2/15(13%) disagreed and 3/15(20%) strongly disagreed. Overally 9/15 (26%) agreed. This indicates that the respondents anticipate that quality should be linked to updated regulatory framework. This is supported by Nkundabanyana.S.et al(2013) and Stolowy. H.(2013) who state that an updated framework gives financial reporting that is relevant, comparable, reliable and understandable.

However 5/15 (33%) disagreed. This indicates that when an entity does update the regulatory framework it would not affect the financial reporting is commercialized quality is actually improved. Therefore the view of the respondents is that updating is no issue, Their views coincided with the view of Jeanjean.T.(2010)and Sekaran.U.(2012) espouse that there is no link between the two.

The 1/15 (7%) who were uncertain indicates that the issue whether quality is compromised or not they do not see the link.

A mode of 9 respondents agreed that updated current regulatory framework has a link with high quality financial reporting. This persuades the researcher to conclude that there should be high quality financial reporting from updated framework.

4.9.0 Factors contributing to quality financial reporting

Factor	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
IPSAS	8	7	0	0	0	15
Percentage	**53%**	**47%**	**0%**	**0%**	**0%**	**100**
Competence staff	8	7	0	0	0	15
Percentage	**53%**	**47%**	**0%**	**0%**	**0%**	**100**
Competent regulators	8	7	0	0	0	15
Percentage	**53%**	**47%**	**0%**	**0%**	**0%**	**100**
Training and workshops	8	7	0	0	0	15
Percentage	**53%**	**47%**	**0%**	**0%**	**0%**	**100**

Table 4.9

IPSAS

The table above indicate that the study also ascertained that 8/15 (53%) strongly agreed that there should be adoption of IPSAS and 7/15(47%) agreed. This indicates that IPSAS are being recommended by the respondents. In aggregate 15/15 agreed. Kothari.SP.(2012) asserts that IPSAS establish high quality standards and comprehensive information on financial reporting.

A mode of 15 respondents agreed. This entails that the adoption of IPSAS will enhance financial reporting.

Competent staff

As indicated in Table 4,9 8/15 (53%) of the respondents strongly agreed that there is need for competent and 7/15 (47%) agreed. This means that the public sector needs competent staff. This is supported by Hope .O. who state that competent staff is vital to increase quality of financial report

A mode of 12 respondents agreed that there is need for competent staff.

Competent regulators

Fig 4.9 shows that the study also ascertained that 8/15 (53%) of the respondents strongly agreed that there is need for competent regulators and 7/15 (47%) agreed. This indicates that there is great need for competent regulators... This is supported by Tremolet. S. (2011) who espouse that there is need for specialized skills in utility regulation.

A mode of 15 respondents agreed. The researcher concludes that that there is need for competent regulators in the public sector.

Training and workshops

Table 4.9 shows that the study ascertained that 8/15 (53 %) re is need for training and workshops and 7/15(47%) This indicates that training and workshops are needed. . This is supported by Street. D.(2011) and Bukenya .M. (2014) who postulate that staff should undergo training

A mode of 15 respondents agreed. Basing the conclusion on the mode the researcher concluded that bureaucracy in the approval of training and workshops was recommended.

4.10.0 Other measures to improve financial performance

4.10.1 Implementation of IPSAS

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	TOTAL
No of Respondents	8	7	0	0	0	15
Response rate	53%	47%	0%	0	0	100

Table 4.10.1

Table 4.10.1 indicate that 8/15(53%) strongly agree that three should be implementation of IPSAS and 7/15(47%) agree. Overally15/15 (100%) agreed .This indicates that the implementation of IPSAS is recommended. This is supported by Kothan, S. P.(2012 who state that IPSAS enhance quality and transparency.

A mode of 15 respondents agreed. The researcher concludes that implementation of I.P.SA.S improve financial reporting.

4.10.2Updating and enforcing the regulatory framework

Responses	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
No of Respondents	8	7	0	0	0	15
Response rate	53%	47%	0%	0%	0%	100%

Table4.10.2

Table 4.9.2 the study ascertained that 8/15 (53%) strongly agreed that the updating is the best and 7/15 agreed. This coincides with the view of Ball. O. (2011) who stated that regulatory framework is supposed to bring reliability with its updating.

4.10.3Financial reporting Management

Responses	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
No of Respondents	5	4	1	2	3	15
Response rate	33%	27%	7%	13%	20%	100%

Table 4. 10 .3

Table 4. 10 .3 above indicate that 5/15 (33%) of the respondents strongly agreed that financial management is the best industrial practice. 4/15 (27%) agreed, 1/15 (7%) were neutral, 2/15 (13%) disagreed and 3/15(20%) strongly disagreed. In aggregate 9/15 (60%) agreed with Jeanjean T. (2010) who asserts that there is need of financial management for any discrepancies.

However 5/15(16%) disagreed that financial management is a best industrial practice. Nunnally,J.(2013) who state that there is no need for supervisors...

A mode of 9 respondents agreed that financial reporting management should be implemented.

4.10.4 Recruitment of personnel enough personnel

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No of Respondents	5	4	1	2	3	15
Percentage Responses	33%	27%	7%	13%	20%	100%

Table 4.10 .4

Table 4.10.4 shows that the study ascertained that 5/15 (33%) of the respondents strongly agreed that there is need for recruitment of enough personnel, 4/15(27%) agree, 1/15(7%) uncertain, 2/15(13%) disagree and 3/15(20%) strongly disagree. Overally 9/15 (60%) agreed. 5/15 (33%) disagreed. 9/15(60%) of the respondents agreed that there is need for recruitment of personnel. This indicates the respondents know that there is need for recruitment currently. A mode of 9 respondents indicated that there is need for competent staff.

4.10.5 Engage in Seminars

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No of Respondents	8	7	0	0	0	15
Response rate	53%	47%	0%	0%	0%	100%

Table 4,10.5

Table 4.10.5 shows that 8/15(53%) strongly agreed that there is need to engage seminars and 7/15(47%) agreed. The aggregate response that agreed is s 15/15(100). This indicates that there is need for seminars and workshops as espoused by Uddin .S (2010) who states that it the staff skills. A mode of 15 respondents agreed and this gives the researcher conclusion that seminars are vital.

4.10.6 Lucrative Salaries

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No of respondents	8	7	0	0	0	15
Response rate	53%	47%	0%	0%	0%	100%

Table 4.10.6

Table 4.10.6 shows that 8/15 (53%) of the respondents strongly agreed and 7/15(47%) agreed. the aggregate response that agreed is 15/15(100%),The respondents want the lucrative salaries to be implemented as espoused by Kothari S. P. (2013).A mode of 15 respondents agreed and this gives the researcher conclusion that they should be implemented

4.10.7 Engage public sector personnel

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No of respondents	8	7	0	0	0	15
Response rate	53%	47%	0%	0%	0%	100%

Table 4.10.7

Table 4.10.7 shows that 8/15(53%) of the respondents strongly agreed and 7/15 (47%) agreed. The aggregate response is 15/15 (100%). This shows that there is need of the engagement of public personnel as espoused by Tremolet .S.et al (2011). A mode of 15respondents agreed and this gives the researcher the conclusion that they should be implemented.

4.10.**8 Engage competent regulator**

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No of respondents	8	7	0	0	0	15
Response rate	53%	47%	0%	0%	0%	100%

Table 4.10.8

Table 4.10.8 shows that 8/15 (53%) of the respondents strongly agree and 7/15(47%) agree. The aggregate is 15/15 (100%). This shows that there is need of engagement of competent regulators. As stated by Eberhard A, (2010) A mode of 15 respondents agreed and this gives the researcher the conclusion that competent regulators are needed.

4.10.9 Stiff Penalties

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No of respondents	8	7	0	0	0	15
Response rate	53%	47%	0%	0%	0%	100%

Fig 4.10.9

Fig 4.10.9.shows that 8/15(53%) of the respondents strongly agree and 7/15 (47%) agree. The aggregate 15/15 (100) agreed. This shows that there is need for stiff penalties as espoused by Tremolet. S et al (2011). A mode 0f 15 respondents agrees and this gives the researcher the conclusion that penalties are needed.

4,10.10 Implement auditor general recommendation

Responses	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
No of respondents	8	7	0	0	0	15
Response rate	53%	47%	0%	0%	0%	100%

Table 4.10.10

Table 4.10.10 indicate that 8/15(53%) strongly agree and 7/15 (47% agreed). The aggregate 15/15 (100%) agreed. This shows that there is need for implementation of auditor general's report as stated by Nkundabanyanga. S. et al (2013).A mode of 15 responds agrees and this gives the researcher the conclusion that there is need to implement auditor general report.

4.11.0 Summary and analysis of the interview responses

4.11.1 Is there any current regulatory framework of accounting reporting in the public sector and is the public sector personnel able to state it?

The fifteen respondents were able to state the current regulatory framework which consist of the Public Finance Management Act (Chapter 22:19), Constitution of Zimbabwe (No .20) Act 2013, Accounting Procedures Manual and the Treasury Instructions handbook. A total of 15/15(100%) respondents agreed that they know the current accounting regulatory framework. Nkundabanyanga

.S. et al (2013) noted that the knowledge of the current regulatory help to quality of financial reporting because of the important role that the regulatory framework plays in the financial for it regulates how financial reporting must be done so that quality financial reporting is achieved .of the board. This was also indicated by Sunder .S. (2013) who articulates that, the accounting regulatory framework should be known by the accounting officers for it regulates the quality of financial reporting to be produced.

4.11.2 Is there adherence to the current regulatory framework?

The first respondent stated was of the fact that there is adherence to the current regulatory framework. This is supported by Hope.O. (2009) who emulates that the adherence to accounting regulatory framework is supposed to bring high quality financial reporting.

The second respondent was of the view that the evidence of a lot of discrepancies in the financial statements reported and evidenced in the auditor general reports of 2009-2011 are facts showing that there is no adherence to the current regulatory framework in the public sector.

The third respondent also postulated that there is no adherence to the current regulatory framework which stipulates that the public sector should present a set of financial statements at year end as espoused in the Public Finance Management Act Section 49(2). The Auditor General Report (2011) state that the central government uses the cash basis for accrual accounting meaning the public sector only prepares the income and expenditure account not the set of financial statements. This is supported by Nkundabanyanga, S. (2013) who stated despite the presence of a regulatory framework in Uganda a lot of financial reporting discrepancies were being noted in the Ugandan government ministries. In aggregate 11/15(73%) of the respondents disagreed that there is adherence to the current regulatory framework which has contributed so much to poor financial reporting in the public sector. Commercialisation will improve that effectiveness and efficiency of service delivery revolves around exposing the parastatals to the full spectrum of commercial practice.

4.11.3 Is the current accounting regulatory framework up to date?

The first respondent disagreed that the current regulatory framework is up to date. The responded argued that argued that the Public Finance Management Act and the Constitution of Zimbabwe are the only ones which are current. He further denote that the Accounting Procedures Manual was last updated in 1984 and the Treasury Instruction was also last updated in 1996 and the same sentiments were echoed by the second responded who stated that poor government financial reporting can be attributed to out dated accounting regulatory framework. This is supported by Street.D. (2011) and Sekaran.D.(2011) who asserted that the regulatory framework must be up to date for quality financial reporting. The third was uncertain because he noted that he was uncertain of the last dates when the some of the regulatory framework was last up dated. Of the respondents more than 90% disagreed that the regulatory framework is up to date.

4.11.4 Does the current regulatory framework have the provision of better quality reporting and the need for fully qualified staff as its strengths?

5/6 of the respondends argued that there is need to improve quality of financial reporting and the need to upgrade the skills of the staff of which the current regulatory framework was not providing. This is evidenced by a lot of financial discrepancies in the public sector. The Auditor General Mrs Chiri noted that there was unvouched expenditure in government line ministries in her 2011 annual report. The other respondends argued that public sector accounting calls for high quality reporting and staff and the current regulatory framework. 5/6 of the respondents postulate that the current regulatory framework does not give provision for better quality reporting and qualified staff.

4.11.5. What are the weaknesses of the current regulatory framework?

All the respondends observed that the current regulatory framework has a weakness of being up dated. They argued that the framework is out dated. As espoused by Yamane.T. (2012) and Sunder .S.(2013) out dated current framework give rise to discrepancies in financial reporting.

4.11.6 What challenges are faced in enforcing the regulatory framework?

The first respondent asserted that government might have financial challenges. This is supported by the World bank (2010) on the Report on the Observance of Standards and Codes in Uganda when it articulated that the implementation of the regulatory framework would be a challenge and potentially high costs would be incurred as it requires several years. The second respondent postulated that compliance was a challenge. This is supported by Kasumba.S, (2010) and Nkundabanyana .S. (2013) who state that the public sector personnel do not follow and abide by the accounting regulatory framework.

The third respondent asserted that transparency and accountability were a challenge. This is supported by Tremolet.S, et al(2011) who stated that the regulators are not transparent in the way. The fourth respondent also argued that there is transparency and accountability challenge. The fifth and sixth respondends all agreed that there is lack of regulatory capacity and confidence. This is ascertained by Eberrhard .A.(2010) developing countries regulators face a lot of challenge around their regulatory framework which include quality ,credibility, and impact of their decisions.. The six respondents argued that enforcement of the regulatory framework brings with it various challenges citing financial challenges, compliance challenge, transparency challenge, and lack of regulatory framework capacity as the main challenges.

4.11.7 How does the regulatory framework link with the quality of financial reporting?

The first respondent asserted that high quality reporting is linked to strong enforcement of the regulatory framework. The second responded also agrees with the first responded arguing that strong enforcement of the regulatory framework leads to high quality financial reporting.

The third, fourth , fifth and sixth responded argue that updated current regulatory framework leads to high quality financial reporting .This is supported by Nkundabanyana.S.et al (2013) who state that updated framework gives financial reporting that is relevant , comparable ,reliable and understandable. The respondents pointed out that updated current regulatory framework and high quality financial reporting leads to high quality financial reporting and high enforcement of financial reporting leads high quality reporting.

4.11.8 Other factors contributing to quality of financial reporting

The first and second respondends stated adoption of IPSAS, this is agreed with by Kothari .S.P. (2012) asserts that IPSAS establish high quality standards and comprehensive information on financial reporting. The third and the fourth stated competent staff..This is echoed with Hopi.O.(2009) who state that competent staff is vital to increase quality of financial reporting. The fifth responded stated competent regulators. This is supported by Tremolet ,S.(2011) who espouse that there is need for specialized skills in utility regulation. The last responded state training and workshops. This is echoed by Bukenya. M. (2014) who postulate that staff should undergo training.

4.11.9 What is the best Industrial practice for both the regulatory framework and the quality of financial reporting?

All the respondeds stated the implementation of IPSAS and updating and enforcing the regulatory framework as the main industrial practice. This is supported by Kothari.S.P.(2012) who state that IPSAS enhance quality and transparency. Ball.O. (2011) stated that the regulatory framework is supposed to bring reliability, effectiveness and efficiency.

The respondends stated updating and enforcing the regulatory framework and implementation of IPSAS as the main industrial practices.

4.12 Chapter summary

This Chapter focused on the presentation and the analysis of the research findings on whether there is a link between the regulatory framework and quality of financial reporting in the public sector. This provided the base on which discussion, conclusion and recommendation will be made in the following chapter.

CHAPTER FIVE: CONCLUSIONS, SUMMARIES AND RECOMMENDANTIONS

5.0 Introduction

The chapter mainly focuses on the presentation of the main research findings emanating from the research study. In addition the research also gives recommendations that the public sector should implement in order to improve quality of financial reporting and the regulatory framework. Lastly the Chapter looks at the conclusion and gives a further area of study.

5.1 Executive summaries

Chapter one focused on the background to the study where the researcher looked at the quality of financial reporting and the current regulatory framework of accounting reporting in the public sector which include the Public Finance Management Act , the Constitution of Zimbabwe, the Accounting Procedures Manual and Treasury Instruction. The quality of financial reporting emanating from the Auditor General's Reports and the Internal Auditor's Reports of 2009-2011.

The researcher went on to chapter two which focused on reviewing the literature available from the various authors and academic scholars with regard to the link between financial reporting and regulatory framework of the public sector , determining the weaknesses and strengths of the current regulatory framework, determining factors which could contribute to quality financial reporting , challenges which could be faced in enforcing the current regulatory framework and identifying the best industrial practice for both the regulatory framework and quality of financial reporting. Hope .O. (2009) noted that the regulatory framework is expected to bring quality reporting because its enforcement reduces instances of financial reporting related fraud. Yamane.T.(2012) stated that some of the regulatory framework seem to be outdated hence they give biased information. But overally the authors agreed that the regulatory framework affects the quality of financial reporting hence the best industrial practice for accounting reporting and regulatory framework is implementation of IPSAS and updating of the regulatory framework as stated by Bukenya.M(2014) and Ball.R,(2011) respectively.

Chapter three focused on the research methodology to gather data. The researcher used primary data to come with the research problem and secondary data to have understood of what other authors say about the link between the regulatory framework and the quality of financial reporting. The sample was collected from the management, accountants, accounting officers, chief internal auditor, audit assistants, cashiers, and business analyst and administration clerks. In gathering the data the researcher used questionnaires and interview questions. The researcher used qualitative and quantitative data during the study.

Chapter four hinged on the presentation and analysis of the data collected and an interpretation of the findings. A total of 15 questionnaires was administered and achieved a response rate of 100%.The findings were presented in graphical forms, pie charts and tabular format.

5.2 Research findings

The study ascertained that the public sector uses the cash basis of accounting. The study also established that public sector uses the Accounting Procedures Manual, the Treasury Instructions handbook and the Constitution of Zimbabwe. It was also observed that the public sector is not adhering to the regulatory framework which states that there should be a set of financial statements which should be prepared at the end of the year. The study established that the Accounting Procedures Manual and the Treasury Instruction are outdated. They were last updated in 1984 and 1996 respectively.

The study also ascertained that it is prospective to implement IPSAS. The main justification is that produce high standards of quality financial reporting because they are comprehensive and they were recommended by the IPSAS Board to be used in the public sector. It was observed that the public sector financial reporting has a lot of discrepancies ranged from poor vouching and treatment of accounting entries.

It is imperative that for IPSAS to be fully implemented there is need to appreciate how they work and count the cost of implementing them This will help the public sector to strategies and operationalise its activities in order to transform the public sector from poor financial reporting through adoption of IPSAS commercial pricing policy.

The study also ascertained that there are challenges which are faced by the public sector in implementing or enforcing the regulatory framework. This main emanate from financial compliance because of unavailability of finances that would help in the enforcing the regulatory framework.

The study also ascertained the best industrial practice for both the regulatory framework and quality of financial reporting which include the implementation of IPSAS and the updating and full enforcement of the regulatory framework.

There are other factors that contribute to quality of financial reporting these are the implementation of IPSAS.

The research also ascertained that there is a link between the accounting regulatory framework and the quality of financial reporting. Which are if there is high quality financial reporting there would be strong enforcement of the regulatory framework and updated current regulatory framework brings out high quality financial reporting.

5.3 Conclusion.

The researcher by analyzing the research findings concluded that there is a link between the regulatory framework and the quality of financial reporting. Considering that IPSAS and the updating and enforcement of the current regulatory framework improves quality and effectiveness of financial reporting in the public sector it is prospective to update the framework and adopt the IPSAS. Compliance and financial challenges are some of the challenges being encountered in enforcing the current regulatory framework. The researcher also concluded that the adoption of IPSAS and the updating of the current accounting regulatory framework improve financial performance.

5.4 Recommendations

The researcher recommends that the public sector should IPSAS to produce financial statements. The public sector should engage competent regulators to establish and update the regulatory framework. In this regard the Ministry of Finance spearheads the implementation of the IPSAS by sourcing for funds and organizing any seminars on public sector accounting. According to the UN capacity building policy (2013) it asserts that there is need for workshops to enhance capacity building so as to help the government entities to support, explore, share monitor and evaluate the works of other entities.

The entity should also implement the updating and implementation of the accounting regulatory framework so as to enhance the quality of financial reporting. The implementation and updating might be costly but it will help in solving a lot of financial discrepancies and enhance the financial reporting. This is supported by Yamane .T.(2012)who state that the accounting regulatory will give biased information if it is outdated.

5.5 Areas of further study

A further study is recommended in this area should assess the viability of IPSAS in the public sector. The researcher proposes that further area of study should focus on the impact of IPSAS on the quality of financial reporting in the public sector.

Conclusion

The results of the research show that there should be improvement of the quality of financial reporting through the implementation of IPSAS and adherence and updating of the regulatory framework.

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APPENDIX 1-COVER LETTER

Midlands State University

Established 2000

Our Hands, Our Minds, Our Destiny

LETTER OF INTRODUCTION

Midlands State University

Faculty of Commerce

Department of Accounting

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Gweru

19 September 2014

Civil Service Commission

Box CY3345

Harare

Dear Sir/Madam

Ref: Application for authority to carry out an academic research

I am a student at the Midlands State University pursuing a B. Comm. honours degree in Accounting. In partial fulfilment of my degree programme, I am undertaking a research topic titled, "A link between the regulatory framework of accounting and the quality of financial reporting".

I hereby ask for your valued responses with regards to the research. All information to be given will solely be used for academic purposes and a high degree of confidentiality will be exercised. For further clarification you may contact the University using the given numbers. Your assistance will be greatly appreciated.

Yours faithfully

Anna Tiki

APPENDIX 2-RESEARCH QUESTIONNAIRE

INSTRUCTIONS

1 Do not write your name on the questionnaire

2 Could you please complete where there are boxes with a tick and where there are blank spaces write the required information.

1 State the current regulatory framework

……………………………………………………………………………………………………

…………………………………………………………

2 Institution adhere to the current regulatory framework

STRONGLY AGREEE	AGREE	UNCERTAIN	DISAGREE	STRONGLY DISAGREE	

3 The following are the strengths of the current regulatory framework

ITEM	STRONGLY AGREE	AGREE	UNCERTAIN	DISAGREE	SRONGLY DISAGREE
It gives provision of better quality reporting					
It calls for fully qualified staff					

4 The Regulatory framework is current

ITEM	STRONGLY AGREE	AGREE	UNCERTAIN	DISAGREE	STRONGLY DISAGREE
Public Finance Management Act					
Constitution of Zimbabwe					
Treasury Instruction					
Accounting Procedures Manual					

5 The weaknesses of the current regulatory framework are

ITEM	STRONGLY AGREE	AGREE	UNCERTAIN	DISAGREE	STRONGLY DISAGEE
Outdated Current Regulatory Framework					

6 The following are the challenges in enforcing the regulatory framework

ITEM	SRONGLY AGREE	AGREE	UNCERTAIN	DISAGREE	SRONGLY DISAGREE
Financial Challenges					
Compliance Challenge					
Transparency and Accountability Challenge					
Lack of Regulatory Capacity and Confidence					

7 The link between the regulatory framework and quality of financial reporting is

ITEM	STRONGLY AGREE	AGREE	UNCERTAIN	DISAGREE	SRONGLY DISAGREE
High quality reporting and strong enforcement of regulatory framework					
Updated current regulatory framework and high quality financial reporting					

8 The following are the factors contributing to quality of financial reporting

ITEM	STRONGLY AGREE	AGREE	UNCERTAIN	DISAGREE	STRONGLY DISAGREE
IPSAS					
Competent and skilful staff					
Competent regulators					
Trainings and Workshops					

9 The best industrial practice is

ITEM	STONGLY AGREE	AGREE	UNCERTAIN	DISAGREE	SRONGLY DISAGREE
The implementation of IPSAS					
Updating and enforcing the regulatory framework					
Financial reporting management					

Recruitment of enough personnel					
Engage in seminars and workshops					
Lucrative salaries for accountants					
Engage public sector personnel					
Engage competent regulators					
Introduce stiff penalties for public accounting crimes					
Implement Auditor General Recommendations					

Appendix C

Interview guide

1. Do you have a regulatory framework that governs the accounting reporting in the public sector? If yes name the current regulatory framework that you are using ....

2. State the challenges that the public sector is encountering when enforcing the regulatory framework

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3. Do you note any relationship between the regulatory framework and the quality of financial reporting? If yes state the relationship(s)

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……………………………………………………………………………………………

4. What other factors do you consider contribute to the quality of financial reporting in the public sector?

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……………………………………………………………………………………………

5. As the public sector are you implementing the regulatory framework in when preparing financial statements.

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6. As the public sector would you consider adoption of a new regulatory framework and financial reporting

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7. Are there any benefits of adopting a new regulatory framework and financial reporting?

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8. As a member of the public sector what are the best industrial practices for both the regulatory framework of accounting and the quality of financial reporting.

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