

Adoption of international public sector accounting standards in Nigeria: Expectations, benefits and challenges

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To site this article:

Ijeoma. N. B., Oghoghomeh. T. Adoption of International Public Sector Accounting Standards in Nigeria: Expectations, Benefits and Challenges. *Journal of Investment and Management*. Vol. 3, No. 1, 2014, pp. 21-29. doi: 10.11648/jjim.20140301.13

Abstract: This study examined the expectations, benefits and challenges of adoption of International Public Sector Accounting Standards (IPSAS) in Nigeria. The objectives of this study are determining the impact of adoption of IPSAS on the Level of Accountability and Transparency in the Public Sector of Nigeria and to ascertain the contribution of adoption of IPSAS in enhancing comparability and international best practices. Primary source of data was employed to generate the data of interest. The statistical tools employed were the Chi-square test, Kruskal Wallis test and descriptive analysis. From the findings of the study, it was observed that adoption of IPSAS is expected to increase the level of accountability and transparency in public sector of Nigeria. It was found that the adoption of IPSAS will enhance comparability and international best practices. Also, it was denoted that adoption of IPSAS based standards will enable provide more meaningful information for decision makers and improve the quality of the financial reporting system in Nigeria. In addition, it was found that adoption of IPSAS by Nigerian government will improve comparability of financial information reported by public sector entities in Nigeria and around the world. Hence, we conclude that the adoption of IPSAS in Nigeria is expected to impact operating procedures, reporting practices thereby strengthening good governance and relations with the government and the governed.

Keywords: IPSAS, Accountability, Adoption, Government, Public Sector, Financial Reporting

1. Introduction

Over the years, countries of the world have defined and set the standards of financial reporting in their individual territories. However, globalization has brought about ever increasing collaboration, international trade and commerce among the countries of the world; hence, there is grave need for increased uniformity in the standards guiding financial statements so that such statement would remain comprehensible and convene the same information to users across the world. The need for the development of unified accounting standards has been the primary driver of international public sector Accounting Standards for public sector financial reporting. While the commercial entities across the world are moving toward international financial Reporting standards (IFRS), governments are harmonizing with International Public sector Accounting Standards (IPSAS). The international Public sector Accounting

Standards govern the accounting by public sector entities, with the exception of Government Business Enterprises. [1], noted that International Public Sector Accounting Standards (IPSAS) is at present the focal point of global revolution in government accounting in response to calls for greater government financial accountability and transparency. The Public sector comprises entities or organizations that implement public policy through the provision of services and the redistribution of income and wealth, with both activities supported mainly by compulsory tax or levies on other sectors. This comprises governments and all publicly owned, controlled and or publicly funded agencies, enterprises, and other entities of government that deliver public programs, goods, or services [2]. Public sector accounting is a system or process which gathers, records, classifies and summarizes as reports the financial events existing in the public or government sector as financial statements and interprets as required by accountability and financial transparency to

provide information to information users associated to public institutions. It is interested in the receipts, custody, disbursement and rendering of stewardship of public funds entrusted [3]. Nigeria, a leading African nation with the population of over 150 million people and a foremost Organization of the Petroleum Exporting Countries (OPEC) member, with a public sector dominated economy, has identified the need to consider the value proposition of the IPSAS and implement same in order to remain relevant.

However, government interventions following the global financial crisis in the private sector have increased many governments' exposures and debt levels. Hence, decision-making is getting harder, especially if the view of what is "sustainable" is difficult to see. It is not out of context to argue the knowledge that weak public sector accounting, auditing and financial management can, and likely will, lead to economic crises. However, there is nothing new in these statements, especially to those that work in the private sector both in most developing nations. The focus on the private sector is huge when failure occurs and therefore accounting, audit and reporting standards are set at a high level and rigorously enforced. One reason that makes high quality public sector reporting necessary in many countries is that Government issued financial instruments are a very important part of their financial markets. There exist various crises in many developing countries especially in Africa; with government debt levels sitting at very precarious levels; and it is no news that government finances need to be managed very carefully in any nation. Achieving this requires high quality information on which to base decisions. Timely, clear and open annual financial statements play a significant role in the accountability of governments to their citizens and their elected representatives. These financial statements are prepared on a cash basis or some variation of an accrual basis of accounting. However, most of these financial statements are not prepared on a consistent or comparable basis in developing countries. The benefits of achieving consistent and comparable financial information across jurisdictions are very important and a set of International Public Sector Accounting Standards (IPSAS) have been established by the IPSAS Board to assist in that endeavour [4]. [5], identified the following as the concepts of public sector accounting.

i. Budget: The governmental unit prepares an operational budget and incorporates it directly into the financial report and into the systems account where useful; such a budget indicates the estimated revenue for the next period, the estimated expenditures referred to as appropriations which must be met by the revenue and other sources of financing which may be necessary. While the commercial sector acknowledges the benefits arising from budgets, such data are not introduced into the accounts as in public sector groups where demonstration of compliance with legal limitations is a critical factor.

ii. Revenues: Additions to assets or reductions in liabilities always give rise to increase in the residual equity

in a fund. This could be equated to inflows of working capital. Distinct revenue elements include property taxes or other taxes receivable, fees for permits, charges for services rendered, and interest received. Revenue also encompasses contribution from the general fund to the capital project fund to cover a portion of a project.

iii. Expenditure: Outflows or commitments for outflows of working capital include those charges that relate to the current fiscal period as well as capital outlays and provisions for debt requirements. Expenditure differs from expenses (as defined in commercial accounting) because expenditure includes in addition to charges that benefit the current period, capital outlays and payment of principal for debt retirement.

iv. Encumbrances and Obligations: A system of encumbrances is a means of restricting or reserving available spending authority pending the recording of actual liabilities and expenditure. The encumbrance system is used by most governmental funds, general fund, special revenue, capital projects and social assessment funds to demonstrate compliance with legal requirements and to prevent over expenditure.

Truly, for developing nations to achieve ambitious socioeconomic goals, developing countries require public sector institutional capacity for setting and implementing public policy, which in turn necessitates government accounting reforms. The social value of government accounting reform therefore lies in its contribution to development goals, including poverty reduction. This rationale has led international and multilateral lenders and donors to endorse International Public Sector Accounting Standards (IPSAS) for adoption by developing countries. An emphasis on assuring financial integrity and a shift to accruals can make IPSAS more useful in government accounting reform in developing countries. [6], noted that in light of the pervasiveness and severity of government corruption in many developing countries, financial integrity assurance is a critically important function of their government accounting systems. Only ethical and competent public management can efficiently and effectively implement programs to reduce poverty and achieve other socioeconomic goals.

[7], linked the origin of corporate governance to the desire to improve transparency and accountability in financial reporting by listed companies to their shareholders. The Sarbanes-Oxley Act 2002 which was a by-product of the corporate governance challenges in America provided that management had the responsibility to establish and maintain adequate internal control structure and procedures for financial reporting. The nature of government accounting has the purpose of determining how much money was received and its sources, how much was spent and for what purposes and the financial obligations accrued. Profit is not the main focus, unlike the private sector which has profit as the prime focus and determines the profit of the business over a given period. Hence, many factors influence government accounting such

as the role of government in the different fields like the armed forces, health and education and the policies set by government to achieve its aspirations and goals. Thus, government accounting is interested in information gathering that will enable her to prepare Receipts and Payments accounts [8]. According to [9], even though in Nigeria, government operations and accounts have been conducted within the general framework of the principles of fund accounting, there is a major problem when it comes to the absolute application of the principles to financial reporting. [10], proposed the use of accounting information as additional control mechanism through its effect on economic performance and corporate governance. [3], opined that government budget size and the contribution of public expenditure to Gross Domestic Product are very great especially in developing economies. There is a thin line between the public sector and private sector accounting when looking at concepts and techniques that are employed. Further, the emerging need and use of information technology by both the public and private sectors have made the issue of public sector accounting a pertinent part of accounting studies in the world. Speaking on the effect of level of corruption in Nigeria, [11], reported that corrupt tendencies pervaded the strata of the Nigerian society so much so that the youths, who are supposed to be the leaders of tomorrow, are neck deep in examination malpractice, 419 and internet fraud. She recommends that for Nigeria to be among the most developed economies in 2020, the nation's value system should be strengthened through the reintroduction of civics and ethics into the curricula of the educational system while a national orientation for the rebirth of the value system should be urgently initiated. The need for an improved and increased recognition, measurement, presentation and disclosure requirements in relation transactions and events in general purpose financial statement has led to the adoption of International Public Sector Accounting Standards (IPSAS). Over the years, government accounting has been anchored on cash basis of accounting while private sector accounting has been predicated on accrual basis. Whereas the accrual basis has been working perfectly well in the private sector, the continued application of the cash basis in the public sector appears to have thrown up a number of challenges relating to underutilization of scarce resources, high degree of vulnerability to manipulation, lack of proper accountability and transparency, inadequate disclosure requirement due to the fact that the cash basis of accounting does not offer a realistic view of financial transaction. IPSAS adoption is expensive in all material respect, so expensive that some experts have contended that its much advertised benefits do not justify the cost of the implementation [12]. Sequel to Nigeria's decision to adopt IPSAS in the year 2014, this study aims at determining the impact of adoption of IPSAS on the Level of Accountability and Transparency in Public Sector of Nigeria and to ascertain the contribution of adoption of IPSAS in enhancing comparability and international best practices.

1.1. Literature Review

[13], reported that the Federal Executive Council of Nigeria in July 2010 approved the adoption of the International Financial Reporting Standards (IFRS), and International Public Sector Accounting Standards (IPSAS), for the private and public sectors. The adoption is aimed at improving the country's accounting and financial reporting system in consonance with global standards. Consequently, the Federation Account Allocation Committee, (FAAC), in June 2011 set up a sub-committee to work out a roadmap for the adoption of IPSAS in the three tiers of government. However, he noted that some stakeholders believe that the tools and strategies needed to fully implement IPSAS in the three tiers of government in Nigeria are still problematic. He explained that IPSAS is a good development and an international best practice which has been embraced in most developed countries. There is nothing wrong with Nigeria taking queue in making sure that public entities in the country fully adopt IPSAS. The practice of government sector accounting evolved over the years with focus on cash receipts and disbursements on the cash accounting basis or modified cash accounting basis. Hence, government revenue is only recorded and accounted for when cash is actually received and expenditure is incurred only when cash is paid irrespective of the accounting period in which the benefit is received or the service is rendered. It therefore means that, the amounts incurred by the government in purchasing fixed assets are treated the same way as expenses. They are therefore written off as part of expenditure for the period the costs were incurred [14]. According to [15], Public sector accounting (PSA) is defined as a process of recording, summarizing, analyzing, communicating and interpreting financial transactions of government units and agencies. It reflects all levels of transactions, involving the receipt, custody and disbursement of government funds. It follows therefore that public sector accountings is essentially, financial accounting. [16], identified the following as the purposes of public sector accounting;

- a. To demonstrate the correctness and reasonableness of transactions and their agreement with established rules.
- b. To give evidence of accountability for the stewardship of government resources.
- c. To make available vital information for good control and prudent management of government activities.

Accountability is all about being answerable to those who have invested their trust, faith, and resources to you. [11], defined accountability as the obligation to demonstrate that work has been conducted in accordance with agreed rules and standards and the officer reports fairly and accurately on performance results vis-à-vis mandated roles and plans. It means doing things transparently in line with due process and the provision of feedback. [17], observed that the capacity to achieve full accountability has been and continues to be inadequate, partly because of the design of accountability itself and

partly because of the widening range of objectives and associated expectations attached to accountability. He further argued that if accountability is to be achieved in full, including its constructive aspects, then it must be designed with care. The purpose of accountability should go beyond the naming and shaming of officials, or the pursuit of sleaze, to a search for durable improvements in economics management to reduce the incidence of institutional recidivism. The future of accountability consists in covering the macro aspects of economic and financial sustainability, as well as the micro aspects of service delivery. It should envisage a three-tier structure of accountability: that of official (both political and regular civil employees), that of intra-governmental relationships and that between government and their respective legislatures. [18], argued that the factors and forces which militate against accountability in Nigeria include ethnicity and tribalism, corruption, religious dichotomy and military culture. [19], added that the major corporate collapses and related frauds which occurred in Nigeria and around the world have raised doubts about the credibility of operating and financial practices of institutions in Nigeria. He noted that the effect of the doubts has stirred a number of professional and regulatory organizations/institutions to recommend reforms that will improve transparency in financial reporting system in order to increase audit quality and corporate practices. In many developed nations, the applications of sound financial system are not new unlike Nigeria where it is just evolving. [20], suggested that mere submission of annual reports and accounts timely is unlikely to solve the problem of public accountability, rather those reports should be made and incorporated in the observances of the prevailing standard of financial reporting. Hence, accountability is the link in the seemingly perpetual level of analysis controversy and the connection between individual decision makers and collectives within which they live and works in institutions. According to [21], serious consideration is being given to the need to be more accountable for the often vast amounts of investment in resources at the command of governments, which exercise administrative and political authority over the actions and affairs of political units of people. Government spending is a very big business and the public demands to know whether the huge outlays of money are being spent wisely for public interests. Accountability is a fundamental value for any political system. Citizens should have the right to know what actions have been taken in their name, and they should have the means to force corrective actions when government acts in an illegal, immoral, or unjust manner. [22], indicated that best practices in corporate governance must embrace the structure of the board of directors, operation of the board of directors and other corporate governance practices. In addition, the benefits to the organization for adopting the best practice must substantially exceed the cost of implementation. [23], reported that basically, a country's accounting and disclosure system is part of its financial system and more

generally its institutional infrastructure. This is geared towards the informational and contracting needs of the key parties in the economy and its role in corporate governance and the capital market. Since the accounting system is complementary to other elements in the institutional framework, a fit between them is likely what result in different accounting system and infrastructural regimes across countries. The concerns for harmonization of accounting standards and later, convergence in the 1990s with International Reporting Standards are due to the globalization of the capital markets. In fact, it is believed that accounting harmonization is necessary for the globalization of capital markets [24]. According to [25], some of the good financial practices identified in Nigeria using the 2008 financial statements include: inclusion of audit certificate from the auditor general; inclusion of four statements cash flow, assets and liabilities, consolidated revenue fund and capital development fund and the consistency of the main totals between them; inclusion of comprehensive set of notes and accounting policies including outstanding impress and advances; detailed schedule provided of internal and external loans; details provided of subventions to agencies by the overseeing of ministries and departments; consistency of the financial statements from 2005 to 2008 (when the new format stated); financial statement appear on the internet; the development of some financial reporting guidelines by Federal Account Allocation Committee (FAAC). The objective of general purpose financial statements is to provide information to meet the need of those users of financial statements who are not in position to demand reporting update to their need. The users of general purpose financial statements include taxpayers, members of parliaments, creditors, suppliers, the media and public sector employees. Financial statements prepared in accordance with IPSASs must present fairly the financial position, financial performance and cash flows of an entity. In order to meet this requirement, a public sector entity must first of all observe general qualitative characteristics of financial reporting. Such qualitative characteristics of financial reporting are fundamental principles for preparing financial statements in accordance with IPSASs. The four principal qualitative characteristics are understandability, relevance, reliability and comparability [26]. These principles ensure that the users of financial statements are provided with useful information for decision-making purpose. Constraints on relevant and reliability of information include; timeliness, balance between benefit and cost, and balance between qualitative characteristics. A complete set of financial statements in accordance with IPSASs comprises of the following components: (a) a statement of financial position; (b) a statement of financial performance; (c) a statement of changes in net assets/quality; (d) a cash flow statement; (e) when the entity makes publicly available its approved budget, a comparison of budget and actual amounts either as separated additional financial statements or as a budget column in the financial statements; and notes that comprise a

summary of significant accounting policies and other explanatory notes. According to [27], replies from secretariats to joint inspection unit showed that the main benefits that United Nations system organizations expected from the transition of IPSAS were: improved financial in terms of transparency (84.2%), standardization, harmonization and consistency (57.9%), quality (52.6 %); comparability (47.4%), improved internal controls (36.8%), as well as other benefits as illustrated in Figure 1.

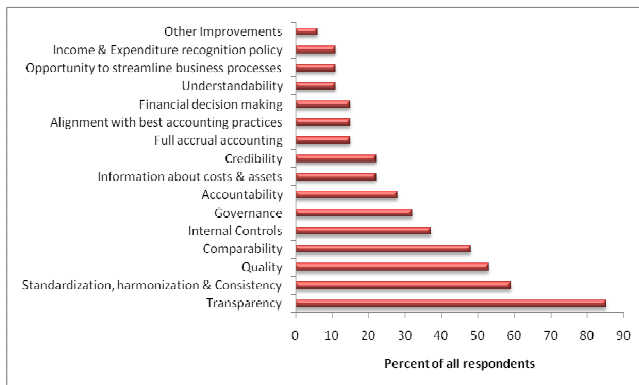


Figure 1. Expected benefits from IPSAS.

In addition, [27], listed the following set of 16 best practices for implementing a smooth transition to IPSAS:

1. Set up an interdepartmental IPSAS project steering committee or equivalent body tasked with ensuring that senior management understand the goals and vision driving the transition to IPSAS.

2. Conduct an in-depth analysis of gaps between existing business processes, procedures, financial reporting and functionalities developed under SAS and the requirement and impact of each IPSAS Standard.

3. In case of a major shift in the project environment re-assess the initial IPSAS adoption strategy and adjust this as necessary.

4. Apply proven project planning and implementation methodologies including clearly defined strategic objectives, deliverables, timeliness, milestones and mentoring procedures.

5. Develop a strategy for producing IPSAS compliant opening balances for the targeted implementation date (first day of the first year of compliance) as well as the closing balance for the previous day, based on the previous accounting standard (SAS), but easily translatable into IPSAS terms for the opening balance of the targeted year.

6. With a view to ensuring continued engagement of governing bodies in the change process, regularly update the governing bodies on progress made in the implantation of IPSAS and request that they adopt the relevant decisions, in particular with regard to amendments required to financial regulations and allocation of resources for the project.

7. Determine and budget for the additional human resources required in the administrative budgetary and finance areas to ensure not only effective implementation

of the transition to IPSAS but also adequate capacity to maintain future IPSAS compliance.

8. Ensure that financial resources are made available for training where feasible, of in-house experts in accounting, business and change management or for the recruitment of external experts.

9. Thoroughly analyze existing (legacy) information system for comparability and synergy with IPSAS requirements and, as a major element of the initial gap analysis, appreciates the changes that the system must undergo to support IPSAS.

10. Communicate awareness on the transition to IPSAS through all available means of communication, training and documentation.

11. Ensure that existing and future staff, in particular managers, supply chain and finance staff, are fully familiarized with the new procedures and requirements through the use of specific documentation (manual) and trainings.

12. Adopt risk assessment, management and mitigation strategies and practices for project implementation in accordance with the projects' objectives.

13. Plan and prepare interim financial statements for review by external auditor(s) well ahead of the final implementation data to avoid unpleasant surprises.

14. Establish and maintain, as soon as feasible, a bilateral dialogue between the organization and its external auditor(s) on the transition to IPSAS to help ensure that both external and internal auditors gain in depth understanding of the new system and its impact on control procedures, as the implementation of IPSAS would require migration to accrual based accounting.

15. Perform continuous testing of internal controls during the preliminary implementation stage of an IPSAS project to ensure the accuracy of the data.

16. Ensure that an independent and comprehensive validation and verification of the system is performed towards the end of its completion.

Nigeria's migration to the accrual basis of accounting will definitely not come without challenges. The expected challenges include:

- (a) Systematic identification and valuation of assets and liabilities as at the date from which accrual accounting is to commence.
- (b) Lack of adequate technical resources
- (c) Political ownership such as inadequate support at the highest levels of the executive
- (d) Consolidation issues

The following are conditions precedence for a successful migration to accrual basis of accounting:

- (a) An acceptable cash accounting based system- Countries with inadequate budget classification, no Unified double entry based general ledger system, and inadequate fiscal reporting are advised to adopt Cash Basis of Accounting before migrating to Accrual Basis.
- (b) Entities or government considering a move to accrual accounting must have either a core of officials with

required technical skills such as accounting, information technology etc., or the capacity to recruit such people for its key positions

- (c) Total support from the political class
- (d) Adequate system; with multi dimensional reporting requirements of accrual based IPSAS, implementation of full accrual accounting can only be effective with the aid of a modern government financial management information system (GFMIS) with proven functionality in areas such as general ledger, accounts payable, purchases, assets management, etc.

Financial reports prepared on an accrual basis allow users to:

- (a) Assess the accountability for all resources the reporting entity controls and the deployment of those resources;
- (b) Assess the performance, financial position and cash flow of the entity; and
- (c) Make decisions about providing resources to, or doing business with, the entity.

The accrual-based IPSAS accounts are more complete than the cash-based ones and by definition eliminate the scope for manipulating payments and receipts in order to suit specific reporting and control objectives [27]. Also, the information available from accrual-based accounts can improve management and decision-making and help organization make more efficient use of resources (with the cash-based accounting, spending on what is used over many years is recorded only when the money is spent and no subsequent account is taken of whether the asset is still in use, has reached the end of its useful life or has been sold). The accrual-based accounting provides the opportunity to introduce efficient cost accounting features and to change organizational behavior through the use incentives and penalties including comparisons of the costs of services provided by the private and public sectors; as well as the opportunity to establish effective performance measures that are not impacted by the vagaries of the timing of cash payments and receipts and which include information about fixed and current assets and liabilities. Accrual-based accounting gives a more reliable picture of an entity's financial health. Fair value is another principal measurement base of IPSASs which referred to measuring assets and liabilities for example IPSAS 4, 9, 12, 13, 15, 16, 17, 21, 26, 27, 29, 31 or 32. Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair value is also at the heart of the revaluation method for measuring property, plant and equipment after recognition as an asset [28].

In addition, some critical success factors of adoption of IPSASs include: political will and ownership, technical capacity (training, re-training and personnel development), public orientation and enlightenment, automated information system financial ability and modular implementation. Also, the adoption of IPSASs will generate lots of benefits such as political and economic benefits. Political benefits of adoption of IPSASs include:

- (a) Accountability: IPSAS requirement for increased disclosure in accounting reports increases the level of accountability in government
- (b) Transparency: where IPSAS is adopted, full disclosure become an imperative of public sector accounting government
- (c) Improved Credibility/Integrity: government accounting/reporting cannot be credible if government itself decides the rules. Hence, the need for a body like IPSAS that will set the rules
- (d) Political Leverage: Government may be required to provide accounting information by higher or legal authority like the United Nations
- (e) International Best Practice and Comparability: IPSAS seeks to ensure that financial statements prepared in the basis of it are internationally comparable
- (f) Comparable information assists the stakeholders in assessing how well their resources have been utilized
- (g) Greater Disclosures: IPSAS encourages full disclosure, which hinges on transparency, integrity and accountability
- (h) Increased control of public agencies: the increased disclosure, transparency and comparability IPSAS engenders will permeate the public sector in turn yielding greater accountability

Economic benefits of adoption of IPSASs include:

- (a) Building confidence in donor agencies and lenders: adoption of IPSAS increases the country's eligibility to access economic benefits from donor agencies (USDP, USAID etc.), private sector financial institutions (Bonds and Bonds rating agencies), official institutions (IMF and World Bank)
- (b) Improved services delivery: As a result of greater accountability and transparency, adoption of IPSAS will improve Value for Money (VfM) expenditure
- (c) Aggregate Reporting: Adoption of IPSAS will ensure a holistic reporting of government financial transactions and positions
- (d) Enhanced public-private partnership arrangements: Collaborative efforts between the public and private sectors is enhanced with both running on similar set of accounting standards (IPSAS and IFRS)
- (e) Economic leverage: Sovereign nations are induced with the prospect of commensurate benefits. Government susceptible to economic leverage is more likely to adopt IPSAS.

2. Material and Methodology

2.1. Data Collection

This study focused on all accounting departments of various ministries in Awka, the capital of Anambra State, Nigeria. The element of the population consist of junior, intermediate, senior and professional accountants, auditors (internal and external), cash officers as well as some accounting lecturers in Nnamdi Azikiwe University Awka.

The population size was forty-five (45) and 40 samples were drawn using the Taro Yamane sample size determination technique at 95% confidence level (see [29]). Hence, primary source of data collection was employed for data generation. The ministries and the local government finance and treasury departments where response were drawn from are: Ministry of Finance, Ministry of Environment, Ministry of Education, Ministry of Head of Service, Ministry of Economic Planning and Budget, Ministry of Housing and Urban Development, Ministry of Information and Culture, Ministry of Justice, Ministry of Housing, Works and Transportation, Ministry of Science and Technology, Ministry of Women Affairs, Ministry of Health, Office of Local Government Auditors in Awka, Local Government Service Commission (LGSC) Awka and Accounting Lecturers of Nnamdi Azikiwe University Awka. The statistical tools used were the Chi-square test, Kruskal Wallis test and descriptive analysis.

3. Analysis and Result

3.1. Chi-Square Test on the Impact of Adoption of IPSAS on the Level of Accountability and Transparency in Public Sector of Nigeria

H00: The adoption of IPSAS will not increase the Level of Accountability and Transparency in Public Sector of Nigeria

H01: The adoption of IPSAS will increase the Level of Accountability and Transparency in Public Sector of Nigeria

Expected counts are printed below observed counts

Table 1. Chi-Square Test Result.

	Agree	Strongly agree	Undecided	Strongly disagree	Disagree	Total
1	8	31	1	0	0	40
	17.00	11.33	4.83	3.83	3.00	
2	22	5	4	3	6	40
	17.00	11.33	4.83	3.83	3.00	
3	16	23	0	1	0	40
	17.00	11.33	4.83	3.83	3.00	
4	10	3	8	16	3	40
	17.00	11.33	4.83	3.83	3.00	
5	21	2	7	3	7	40
	17.00	11.33	4.83	3.83	3.00	
6	25	4	9	0	2	40
	17.00	11.33	4.83	3.83	3.00	
Total	102	68	29	23	18	240

Chi-Sq = 4.765 + 34.127 + 3.040 + 3.833 + 3.000 + 1.471 + 3.539 + 0.144 + 0.181 + 3.000 + 0.059 + 12.010 + 4.833 + 2.094 + 3.000 + 2.882 + 6.127 + 2.075 + 38.616 + 0.000 + 0.941 + 7.686 + 0.971 + 0.181 + 5.333 + 3.765 + 4.745 + 3.592 + 3.833 + 0.333 = 160.179
 DF = 20, P-Value = 0.000

3.2. Kruskal-Wallis Test on the contribution of adoption of IPSAS in Enhancing Comparability and International Best Practice

H02: The adoption of IPSAS will not enhance comparability and international best practice

H12: The adoption of IPSAS will enhance comparability and international best practice

Table 2. Ranks.

	Option	N	Mean Rank
Responses	1.00	6	24.25
	2.00	6	20.92
	3.00	6	12.92
	4.00	6	8.00
	5.00	6	11.42
	Total	30	

Key: 1= Agree, 2= Strongly agree, 3= Undecided, 4= Strongly disagree, and 5= Disagree

Table 3. Test Statistics^{a,b}

	Response
Chi-Square	14.985
df	4
Asymp. Sig.	.005

a. Kruskal Wallis Test
 b. Grouping Variable: Option

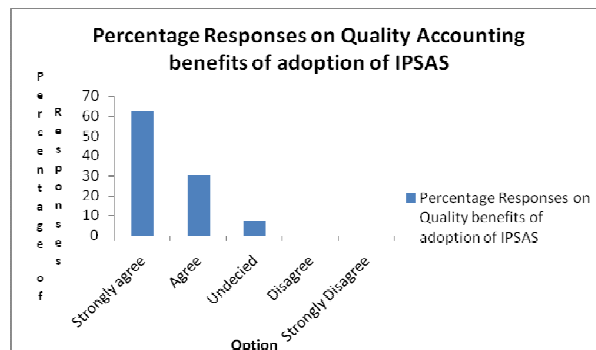


Figure 2. Percentage Distribution of Responses on Quality Accounting benefits of adoption of IPSAS.

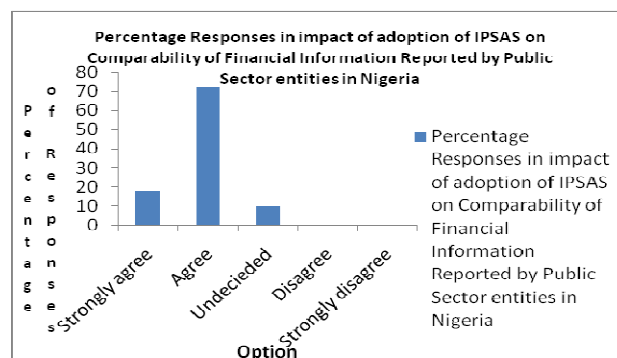


Figure 3. Percentage Distribution of Responses on impact of adoption of IPSAS on Comparability of Financial Information Reported by Public Sector Entities in Nigeria.

4. Discussion

Result of analysis in Table 1 showed that most of the respondents agreed that the adoption of IPSAS will increase the level of accountability and transparency in public sector of Nigeria since the column total weight of 102 for option "Agree" was observed to be the highest weight. Also, it was denoted that the adoption of IPSAS will increase the level of accountability and transparency in public sector of Nigeria since the Chi-Square measure obtained is given as 160.18 and a p-value of 0.00 which falls on the rejection region of the hypothesis. Hence, the null hypothesis was rejected since the $p\text{-value} = 0.00 < \alpha = 0.05$, assuming a 95% confidence interval. Also, from the result displayed in Table 4, it was observed that most of the respondents agreed that the adoption of IPSAS will enhance comparability and international best practices since the highest mean Rank of 24.25 was obtained for Agree. Also, Table 5 expressed that the adoption of IPSAS will enhance comparability and international best practices since the Chi-Square measure obtained was 14.99 and a corresponding p-value of 0.01 which falls on the rejection region of the hypothesis. Hence, the null hypothesis was rejected since the $p\text{-value} = 0.01 < \alpha = 0.05$, assuming a 95% confidence interval. This result implies that the adoption of IPSAS will enhance comparability and international best practices.

Figure 2 showed that majority (62.5%) of the respondents believe that adoption of IPSAS based standards will enable the provision of more meaningful information for decision makers and improve quality of financial reporting system in Nigeria. In addition, Figure 3 showed that majority (75%) of the respondents claim that adoption of IPSAS by Nigerian government will improve comparability of financial information reported by public sector entities in Nigeria and around the world.

5. Conclusions

This study examined the expectations and benefits of adoption of International Public Sector Accounting Standards in Nigeria. Nigeria is expected to adopt the International Public Sector Accounting Standards in 2014. Sequel to Nigeria's implementation and adoption of this accounting standard, the present study examined possible benefits of adopting the system. From the findings of the study, it was observed that adoption of IPSAS is expected to increase the level of accountability and transparency in public sector of Nigeria. It was found that the adoption of IPSAS will enhance comparability and international best practices. Also, it was denoted that adoption of IPSAS based standards will enable the provision of more meaningful information for decision makers and improve the quality of financial reporting system in Nigeria. In addition, it was denoted that adoption of IPSAS by Nigerian government will improve comparability of financial information reported by public sector entities in Nigeria and around the world. Hence, we conclude that the adoption of IPSAS in Nigeria is

expected to impact operating procedures, reporting practices and hence strengthen good governance and relations with the government and the governed [13]. Furthermore, it is expected to provide useful information for better management and decision, IPSAS will also expose the government and finance officers to greater public scrutiny thereby making them more accountable for the efficiency and effectiveness of their services. The adoption of IPSAS will no doubt serve as the foundation for financial reporting system in Nigeria and equally build trust between the government and the citizens.

In essence, from the result and findings of the present study, we recommend that government should engage professionals to drive the process and also involve external professionals to leverage best practices. Also, due to the challenges of availability of electricity and internet services especially in the rural areas hosting majority of local governments, we recommend for a start and centralization of the operations in terms of record keeping at the state capitals. Finally, since the benefits of IPSAS adoption cannot be quantified as argued in the present study, the researcher recommends the adoption of International Public Sector Accounting Standards in Nigeria.

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