International Journal of Democratic and Development Studies (IJDDS), Vol. 7, No 3, 2024.
Available online at http://journals.rcmss.com/index.php/ijdds. ISSN: 2350-224X(E) 2346-7223(P)
Covered in Scopedatabase https://sdbindex.com/Sourceid/00000433, google scholar, etc.)
Abubakar L. Muhammad, Musa A. Farouk, Uyagu B. David & Margaret E. Akoje, 2024,7 (3):1-13

Effect of International Public Sector Accounting Standard (IPSAS) Adoption on Quality of Financial Reports by Federal Ministry of Finance, Budget and National Planning in Nigeria

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Abstract
As a result of the limitations of the cash basis system of recording transactions in the public sector, International Public Sector Accounting Standard (IPSAS) was introduced in line with global best practices as government continues to be interested in having higher accountability and transparency in the public sector for various stake-holders. Consequently, this study investigated the effect of IPSAS adoption on quality of financial reporting by Federal Ministry of Finance, Budget and National Planning in Nigerian. The dependent variables of the study included accountability, transparency, comparability and full disclosure of financial reports while IPSAS adoption was the independent variable The study had a population and operational sample size of 967 and 312 respectively. Survey research design was adopted by the study and simple regression technique of data analysis through the aid of Statistical Packages for Social Sciences (SPSS) version 23 was adopted for the study. Data for the study was collected through questionnaires administered to accountants and auditors in Federal Ministry of Finance, Budget and National Planning in Nigeria and was rated using 5-point Likert scale. The study found that IPSAS adoption had positive and significant effect on all the dependent variables of the study in Federal Ministry of Finance, Budget and National Planning *in Nigeria. The study recommended that the three tiers of government that have adopted IPSAS should continue to do so in Nigeria while those that have not started adopting IPSAS should do so. It was also recommended that government should be training and retraining its staff to reduce its challenges while adopting IPSAS in Nigeria.*
Keywords: *International Public Sector Accounting Standard, Quality of Financial Reports*

1. Introduction

International Public Sector Accounting Standards (IPSAS) offer a global framework for preparing financial statements in the public sector. Developed by the International Public Sector Accounting Standards Board (IPSASB), these standards aim to improve the quality, consistency, and transparency of public financial reporting worldwide. While some countries, like Switzerland, New Zealand, and South Africa, fully adopt IPSAS, others, such as India and China, modify the standards to fit local needs. This international push for uniform standards reflects the increasing interconnectedness of global economies and the need for consistent financial reporting, (Abata, & Suara, 2022)

Before IPSAS, most governments used cash basis accounting, which focuses solely on cash transactions, lacking detail on the financial performance or position of entities. This approach hindered effective resource management and transparency. IPSAS addresses these issues, promoting better financial management, accountability, and public trust, (Ademola, et al. 2017).

In Nigeria, the Federal Executive Council approved IPSAS adoption in 2017 to enhance transparency, attract foreign investment, and improve financial reporting quality. A technical sub-committee under the Federation Account Allocation Committee (FAAC) was created to guide its adoption across all government levels. While concerns remain about implementation challenges and whether IPSAS will significantly improve financial reporting, the standards are widely seen as a positive step toward greater accountability and comparability, (Ackerman, 2018) IPSAS has become vital for Nigeria's public sector, particularly to restore public confidence and combat corruption. It allows for more accurate financial statements that are comparable with international standards, benefiting decision-making processes. Consequently, IPSAS adoption in Nigeria aims to boost reporting quality, ensure transparency, and improve the financial accountability of government ministries, departments, and agencies. This study explores how IPSAS affects the quality of financial reporting in Nigeria's Ministry of Finance, Budget, and National Planning, with a focus on accountability and transparency, (Acho, 2014).

Public sector accounting must adopt International Public Sector Accounting Standards (IPSAS) to provide financial information that meets stakeholder needs. The adoption of IPSAS in Nigeria began in 2017, with cash basis implementation starting in 2014 and accrual basis in 2016 (Chan, 2018). Proponents of financial reforms (Ibanuchuka & James, 2014; Rao, 2014) argue that IPSAS promotes business-like practices in public sector financial management, leading to better transparency and accountability. However, some still support cash basis accounting due to its simplicity, particularly for small entities with limited financial activities (Osmond, 2019).

The Nigerian government's implementation of IPSAS is expected to improve the quality of financial information globally, enhancing both accountability and comparability (Martinez-Ferrero, 2021; John et al., 2023). Public employees in Nigeria have a poor track record of accountability, leading to economic mismanagement and resource loss. Although many studies (Abata & Suara, 2022; Egolum & Ndum, 2021) have examined the impact of IPSAS on transparency and accountability, few have comprehensively explored the combined effects of accountability, transparency, comparability, and full disclosure.

This study aims to fill this gap by investigating the impact of IPSAS adoption on financial reporting quality in Nigeria's Federal Ministry of Finance, Budget, and National Planning, using simple regression and focusing on these key variables.

In order to achieve the objective of the study, the following research questions were generated thus, to:

i. What extent does International Public Sector Accounting Standards adoption improve accountability of financial reporting by Federal Ministry of Finance, Budget and National Planning in Nigeria?
ii. What extent does International Public Sector Accounting Standards adoption affect transparency of financial reporting by Federal Ministry of Finance, Budget and National Planning in Nigeria?
iii. What extent does International Public Sector Accounting Standards adoption have effect on comparability of financial reporting by Federal Ministry of Finance, Budget and National Planning in Nigeria?
iv. What extent does International Public Sector Accounting Standards adoption affect full disclosure of financial reporting by Federal Ministry of Finance, Budget and National Planning in Nigeria?

2. Literature Review

Concept of Public Sector Accounting

Accounting generally is a scientific study in which records of expenditure and income of a company, individuals or governments are kept coupled with other useful information for planning, decision making and control. Public sector accounting on the other hand entails composite activities of analyzing, recording, summarizing, reporting and interpreting the financial transactions of government Ministries, Departments and Agencies (MDAs) (Ahmed & Valentine, 2014). It is clear from this description that the government, like any business organization, should give an account of its activities to the various stakeholders. Adams (2014) defined public sector accounting as a process of recording, communicating, summarizing, analyzing and interpreting government financial transactions and statistics in aggregate and details. The main purposes of public sector accounting include: ascertaining the legitimacy of transactions and their compliance with the established norms, regulations and statutes, providing evidence of stewardship, assisting planning and controlling, assisting objective and timely reporting and providing the basis for decision-making, (Adams, 2017).

Public sector accounting is an integral but separate branch of financial accounting, sharing in common many concepts and principles applicable in the private sector such as consistency, materiality, periodicity, duality, entity historical cost and going concern (Adams, 2014). There are five bases under which the financial statements of a public sector are compiled, that is, cash basis, accrual basis, commitment basis, modified cash basis and modified accrual basis. The cash basis is the basis of accounting under which revenue is recorded only when cash is received, and expenditure is recognized only when cash is paid irrespective of the fact that the transactions might have occurred in the previous accounting period. Under the accrual basis, revenue is recorded when earned and expenditure acknowledged as liabilities when known or benefits received, notwithstanding the fact that the receipts or payments of cash have taken place wholly or partly in other accounting periods. Commitment basis of account records anticipated expenditure evidenced by a contract or a purchase order.

Concepts of Accrual Based IPSASs

Otunla (2014) enumerated the benefits of the adoption of IPSASs in Nigeria to include: accountability: increased disclosure in accounting reports; transparency: full disclosure of government financial transactions; decision making: provide the executive and legislature with bases for their decisions on the allocation of resources; improved Credibility/Integrity: standards are independently set and known worldwide; International Best Practice and Comparability: IPSAS seeks to ensure that financial statements are comparable across jurisdictions; enables stakeholders to assess how well their resources have been utilized; basis for efficient and effective public sector management; enhanced Implementation of the Freedom of Information (FOI) Act 2011.

The accountability and transparency requirements of IPSASs are consistent with and support the provisions of the Nigerian FOI Act 2011 which seeks to promote access to government information. Both Nongo (2014) and Otunla (2014) at separate presentation agreed that the following milestones have been achieved by the FAAC Sub-Committee that is saddled with the responsibility of seeing the adoption through: Enlightenment/Sensitization: Political Leaders in the three tiers of Government on the need for the adoption of IPSAS; exposure of IPSAS to stakeholders in the three tiers of Government; sensitization workshops for stakeholders in the six geopolitical zones of the country; procurement and distribution of a book titled “IPSAS Explained”. Training on the developed National Chart of Accounts (NCOA), Users’ Manual of the NCOA and the format of the General Purpose Financial Statements (GPFS) for IPSAS Cash and Accrual conducted gap analysis of IPSAS in Federal Government of Nigeria.

Quality of Financial Reporting of Government Agencies

The Quality of Financial Reporting is the precision with which financial reports convey information about the firm's operation. Quality of financial reporting is the extent to which the financial statements provide true and fair information about the underlying performance and financial position. The objective of financial reporting is to provide financial information about the reporting entity that is useful to present and potential equity investors, lenders and other creditors in making decisions in their capacity as capital providers (Adams, 2016).

AICPA (2019) defines the purpose of financial accounting and financial statements as "the provision of quantitative financial information about a business enterprise useful to the statement users". International Public Sector Accounting Standards (IPSAS), are a set of accounting standards, issued by the International Public Sector Accounting Standards Board (IPSASB) for adoption and implementation by public sector entities around the world in the preparation of financial statements (Akinleye and Alaran-Ajewole, 2018). International Public Sector Accounting Standards are the guidelines which specify the presentation of annual General Purpose Financial Statements of public sector reporting entities other than Government Business Enterprises. The International Public Sector Accounting Standards (IPSAS) is based on Basis of accounting system. Basis of Accounting is a system which seeks to theorize the categorization of conditions under which revenue is recognized as being earned and expenditures incurred. There are two bases of accounting, Accrual Accounting Basis and Cash Accounting Basis. IPSAS focuses on Accrual accounting basis which reports income when earned and expenses when incurred. Under accrual basis recognizes revenue when earned and expenses when incurred. They are recorded at the end of an accounting period even though cash has not been received or paid. An example of accrued revenue is dividends income earned on stock owned even though yet to be received, and an example of accrued expenses are salary expenses due to employees at the end of a period. Cash accounting basis reports income only when money is received and expenses when money is paid. It is the method of recognizing revenue and expenses when cash is received or disbursed rather than when earned or incurred (Agbo, 2014).

On the basis of this it can be seen that the accrual basis of accounting which is emphasized by IPSAS is a more superior technique of financial reporting than the cash basis which has been in vogue before the adoption of IPSAS.

Concepts of Accountability

Understanding accountability requires taking into account the context in which this practice takes place (Jonas & Blanchet, 2000), since cultural and social norms help establish the issues for which society holds officials accountable and the mechanism to do so. Despite the difficulties in defining the term, accountability includes two dimensions: that officials act transparently and openly and that citizens can check government action (Martinez-Ferrero, 2021). Accountability refers to the obligation of individuals or organizations to take responsibility for their decisions, actions and the consequences of those actions. In the context of financial reporting in government agencies, accountability involves the clear and accurate communication of financial information to stakeholders, such as citizens, taxpayers, investors, and oversight bodies. It encompasses the obligation to provide an accurate representation of financial transactions, ensure compliance with regulations and standards, and demonstrate effective stewardship of public resources, (Agbo, 2014).

Adegbite (2019) 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/or plans". Johnson opined that public accountability is an essential component for the functioning of our political system, as accountability means that those who are charged with drafting and/or carrying out policy should be obliged to give an explanation of their actions to their electorate. Stephenhurst (2018), opined that accountability exists when there is a relationship where an individual or body and the performance of tasks or functions by that individual or body, are subject to another's oversight, direction or request that they provide information or justification for their actions". Accountability is the liability to give an account of what one has done, or not done, to another who has authority to assess the account and allocate praise or blame. Jones & Jacob accountability denotes a relationship between a bearer of a right or a legitimate claim and the agents or agencies responsible for fulfilling or respecting that right. It denotes the duty to be accountable in return for the delegation of a task, a power or a resource (Lawson & Rackner, 2018).

The concept of accountability deals with how those entrusted with the powers of the State are held responsible for their actions (OECD, 2018). Ackerman (2018) defines accountability as a proactive process by which public officials inform about and justify their plans of action, their behaviour and results and are sanctioned accordingly. Accountability is the process whereby public sector entities, and the individuals within them, are responsible for their decisions and actions, including their stewardship of public funds and all aspects of performance, and submit themselves to appropriate external scrutiny. It is achieved by all parties having a clear understanding of those responsibilities, and having clearly defined roles through a robust structure. In effect, accountability is the obligation to answer for responsibility conferred. Goetz and Jenkins (2018), asserted that accountability realistically takes into consideration both answerability; which is the mandate of duty-bearers to make available the required information and justification about their actions, and enforceability; which is the possibility of penalties or consequences for failing to answer accountability claims.

According to Egolum, Egbunike and Ezeh (2021), accountability can be defined 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. Accountability can also be defined as obligations to demonstrate, review, and take responsibility for performance, both in the results achieved in the light of agreed expectations, and the means used. In other words, the government is accountable when it conducts its business in an open, transparent and responsive manner (Duenya, Upaa &Tsegba, 2017). 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. Olola (2019) argued that the factors and forces which militate against accountability in Nigeria include ethnicity and tribalism, corruption, religious dichotomy and military culture.

Transparency of financial reporting

There is not a single definition of Transparency, it usually refers to the availability of understandable and reliable information (Landsman, Maydew, & Thornock, 2020). That in a broader sense, suggest considering…'the extent to which all stakeholders have a similar understanding of and access to all required information without loss, noise, delay, or distortion' (Kluvers, & Tippett, 2011). Transparency refers to the quality of financial information that makes it accessible and clear to those affected by the information, including the general public, investors and other stakeholders (Katz, 2015). Transparency is fundamental to accountability and is measured based on timely availability of relevant information about government policies, programs and activities in a manner that can be easily understood by users (Florini, 2017). High transparency exists when comprehensive financial information about an entity's performance, position and processes is easily obtainable and comprehensible (Iniobong & Bassey, 2012). IPSAS adoption promotes transparency by requiring disclosure of comprehensive financial information in an accessible manner.

Similarly, the principle of transparency relates to the openness of a public sector entity to its constituents (Institute of Internal Auditors). Good governance involves the right disclosure of important information to stakeholders to enable them access relevant facts and information on the performance and operations of the public sector so as to enable them determine the motive behind the actions of the public sector officials. Accordingly, the public sector's decisions, actions, and transactions must be conducted in the open. From the forgoing reviews it can be seen that transparency is a necessary part of accountability but it is not the same as accountability. In order to hold government officials accountable, one must first find out information about that public servant's decisions and actions (transparency), but you then must go further if you are actually to hold them to account for their decisions and actions. It is a major public interest that financial reporting arrangements are not in place in many countries around the world Bergman (2011). Governments have the responsibility to enact, implement and execute the law; deliver services to the citizen; protect lives and properties and the decisions and actions taken to fulfill these responsibilities must be clearly stated in the interest of the general public because government are expected to act in the interest of the public who voted them in. Government collects taxes, custom duties, value added tax etc. and the monies collected through taxes and other means of income generation are allocated to spending on both recurrent and capital projects. This responsibility makes it imperative for government to discharge their responsibility by displaying the manner by which they have effectively and efficiently used the resources at their disposal. Without a robust and transparent financial reporting, it is not possible to determine whether or not the activities of the government have been in the interest of the public.

Transparency issues are concepts that are regarded complex basically due to the ambiguous nature in which public sector are known to operate. Jordan and Tuijl (2016) noted that intermediary organisations essentially collaborate with multiple stakeholders who have diverse demands. Public sector from developed nations and governments are further known to provide funds and other resources as well as locally-based service delivery. The concept of transparency is mostly deemed a significant characteristic of good governance. It is also regarded an important requirement for promoting accountability among states and citizens (Gaventa & McGee, 2018). Transparency is regarded as a significant feature of government systems, organisations, companies and individuals having access to open information on plans, rules, actions and procedures as indicated by the Transparency International in 2019. Without a robust and transparent financial reporting, it is not possible to determine whether or not the activities of the government have been in the interest of the public. Furthermore, without financial report, it is impossible for government to discharge accountability function. Okolieaboh (2013) provided that IPSASs are a collection of public sector accounting standards issued by the International Public Sector Accounting Standards Board (IPSASB). Fashioned after International Financial Reporting Standards (IFRS), their private sector predecessor, IPSASs seek transparency in public sector financial reporting across jurisdictions.

Concepts of Comparability

Comparability refers to the qualitative characteristic of financial information that enables users to identify and understand similarities in, and differences between, items (IASB, 2018). Consistent application of accounting principles, policies and measurement methods facilitates comparability over time and across entities (Langli & Sira, 2018). IPSAS promote comparability by requiring the use of consistent accounting language, formats and reporting methods that facilitate meaningful comparisons of financial performance and position (Ogundele et al., 2020).

Concepts of Full disclosure

Full disclosure refers to the presentation of material and relevant financial information in a manner that provides a comprehensively transparent understanding of an entity's economic activities (Omondi et al., 2016). Full disclosure aims to equip users of financial statements with the necessary information needed to make informed decisions and assessments. IPSAS require complete disclosure of all financial information pertinent to understanding an entity's financial position, performance and cash flows including contingent liabilities and other commitments (Larson, 2018). This contributes to the quality and usefulness of reported financial information.

In the context of the study of effects of IPSAS on the quality of financial reporting in government agencies, ensuring full disclosure is crucial.

Empirical Review

Funnell and Cooper, (2021) conducted a study titled "Government Accountability and Accounting Change in the UK: A Critical Analysis." The study aimed to critically analyze the relationship between government accountability and accounting change in the United Kingdom. The study employed a critical analysis approach, drawing on various sources including government reports, policy documents, academic literature, and interviews with key stakeholders. The study examined the reforms in government accounting practices and the underlying motivations and implications for government accountability. The study found that change in accounting to IPSAS had positive and significant effect on government accountability in the UK.

Egolum and Ndum (2021) examined the effect of IPSAS on the quality of financial reporting in Anambra State government. Survey research design was adopted, and primary data were collected from 127 staff of Anambra State Ministry of Finance, Awka, using questionnaires. Chi-square was used for the analysis and the result shows that IPSAS adoption enhances accountability, transparency, and reduction in corruption among public officers in the state. The study recommended that Nigeria should provide the requirements necessary for full implementation of IPSAS in the government sector.

Egbunike, et al. (2022) examined accountants' perception of IPSASs acceptance in Nigerian public sector financial management and reporting. There are conflicting or divergent views as to what was accrue or what Nigeria stand to gain as result of adoption or implementation of IPSASs in Nigerian public sectors financial management and reporting. Egbunike, Onojo and Utojuba adopted survey research design, Taro Yamane was used to determine the sample size, 283 were selected from the total population of 972 accountants. Data were obtained through the use of questionnaires administered on a sample size of 283 respondents from the offices of Accountant and Auditor General of Kogi and Benue States. Mean, standard deviation, line graph estimated marginal means and General Linear Model Univariate analysis were used to analyze the primary data via SPSS Version 20. The study revealed that the adoption of IPSASs will increase transparency and answerability in financial management and reporting of Nigerian Public Sector. Also, that adoption and implementation of IPSASs will facilitate the quality of financial accounting reporting in the Nigerian Public Sector. Another finding is that the benefits of adoption of IPSASs override the costs in Nigerian Public Sector. The study recommend amongst others that efforts should be geared to enshrine the requirements of IPSASs into Nigerian regulatory framework for financial management and reporting and the constitution of the Federal Republic of Nigeria

Similarly, Vodopivec, et al. (2022) investigated the effects of IPSAS adoption on the quality of financial reporting in the Croatian public sector. The study had a sample size of 256 and was analysed using multiple regression technique of data analysis. The study provided evidence that IPSAS adoption resulted in positive and significant effect on quality of financial reporting across various dimensions such as relevance, reliability, comparability, full disclosure and understandability.

Lüder and Thomas. (2023) conducted a study titled "Quality of Financial Reporting in Public Administrations: The Influence of IPSAS Adoption and Contextual Factors." The study aimed to examine the influence of International Public Sector Accounting Standards (IPSAS) adoption and contextual factors on the quality of financial reporting in public administrations. The study collected data through a survey questionnaire administered to financial managers and accountants in public administrations that have adopted IPSAS. The questionnaire assessed the perceived quality of financial reporting, the extent of IPSAS adoption on IPSAS implementation, and the contextual factors influencing quality of financial reporting. The study found a positive relationship between IPSAS and the quality of financial reporting in Government agencies and implementation of IPSAS led to improved financial reporting practices, including enhanced transparency, reliability, and comparability of financial information.

John et al. (2023) explored the relationship between International Public Sector Accounting Standards (IPSAS) implementation and quality of financial reporting in Cross River State, Nigeria. Survey research design and purposive sampling method were adopted. The population considered in this study was made up of middle and top-level management staff of Cross River State Ministry of Finance, totaling 35. Primary data were collected through administering questionnaires to a sample of 19 respondents who were accountants in the Ministry of Finance. Simple Percentage and Pearson correlation were used as techniques of data analysis. The results of the analyses indicated that IPSAS implementation has a significant positive relationship with faithful representation and reliability of financial reports. In conclusion, IPSAS implementation by the public sector in Cross River State, Nigeria would result in faithfulness and reliability of financial reports as well as enhancing a uniform standard of financial reporting by the various government institutions in Nigeria and even with the world at large. Thus, the study recommended among others that the implementation of IPSAS should be made mandatory for all government institutions in the federal, state, and local government. The cost of implementation should be budgeted by the concerned government and made available for speedy and smooth implementation.

Theoretical Review

Stakeholder theory addresses the management and ethical responsibilities of organizations by emphasizing the importance of balancing the interests of diverse parties beyond shareholders. First introduced by Mitroff in 1983 and expanded by Edward Freeman, the theory posits that stakeholders include employees, customers, suppliers, financiers, communities, and even competitors, who can influence a firm. The theory has evolved from traditional views, where only shareholders were prioritized, to a broader perspective that sees organizations as having obligations to society as a whole (McDonald & Puxty, 1979).

Although the theory has been critiqued for being too narrow in some respects, it highlights the need for corporate governance to consider multiple constituents, making it more comprehensive than the agency theory. Critics like Jensen (2001) argue that firms shouldn't be measured solely by stakeholder gains but should account for other factors like internal communication and working conditions.

Rodriguez, Ricart, and Sánchez (2002) further categorized stakeholders into three groups: consubstantial (essential for business), contractual (those with formal agreements), and contextual (representing broader societal and environmental interests). Recent developments, such as the "enlightened stakeholder theory," have attempted to expand the theory, though empirical challenges remain (Sanda, et al, 2018).

3. Methodology

The study used a survey research design to assess the impact of IPSAS adoption on the quality of financial reporting. The sample consisted of accountants and audit staff from the Federal Ministry of Finance, Budget and National Planning, the Office of the Accountant General, and the Office of the Auditor General. Out of a population of 967 accountants and auditors, a sample size of 312 was calculated using Taro Yamane's formula. Stratified sampling was applied to divide the sample into six groups, and probability random sampling was used to select respondents. Primary data was collected through a questionnaire using a Likert scale with five response options, ranging from "Strongly Agree" to "Strongly Disagree." The data was analyzed using various statistical procedures, with hypothesis testing conducted through Ordinary Least Square (OLS) regression. The analysis aimed to determine the significant effects of IPSAS adoption on financial reporting quality, utilizing SPSS 23 software.

4. Results and Discussion

Table 4.10 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
IPAD	268	2.71	5.00	4.2021	.43796
ACCT	268	2.60	5.00	4.3642	.53372
TRSP	268	1.60	5.00	3.8754	.85178
CPRT	268	2.20	4.80	3.7873	.58443
FUDI	268	2.20	5.00	4.0104	.56585

Source: SPSS 23 Outputs

Table 4.10 highlights the dispersion in the impact of IPSAS adoption on the quality of financial reporting within Nigeria's Federal Ministry of Finance, Budget, and National Planning. IPSAS adoption has a mean of 4.202, with a standard deviation of 0.437, suggesting varied views among respondents regarding its effect on financial reporting quality. Similarly, accountability has a mean of 4.364 and a standard deviation of 0.534, indicating inconsistent opinions on its influence. Transparency shows greater variability, with a mean of 3.875 and a standard deviation of 0.852, reflecting non-uniform agreement among respondents about its impact on transparency. Comparability also shows some disagreement, with a mean of 3.787 and a standard deviation of 0.584. Full disclosure, with a mean of 4.01 and a standard deviation of 0.566, demonstrates a wide range of responses about the effect of IPSAS on the full disclosure of financial statements. Across all variables—accountability, transparency, comparability, and full disclosure—there is no unanimous consensus, indicating diverse application and perception of IPSAS adoption within the Ministry.

Table 4.11 ***Correlation Matrix of variables***

Variables	Coefficients	IPAD	ACCT	TRSP	CPRT	FUDI
IPAD	Correlation Coefficient	1.000				
	Sig. (2-tailed)	.				
ACCT	Correlation Coefficient	.650**	1.000			
	Sig. (2-tailed)	.000	.			
TRSP	Correlation Coefficient	.468**	.267**	1.000		
	Sig. (2-tailed)	.000	.000	.		
CPRT	Correlation Coefficient	.515**	.470**	.489**	1.000	
	Sig. (2-tailed)	.000	.000	.000	.	
FUDI	Correlation Coefficient	.335**	.233**	.443**	.475**	1.000
	Sig. (2-tailed)	.000	.000	.000	.000	.

Source: SPSS 23 Outputs

The table reveals a positive and significant relationship between IPSAS adoption and the quality of financial reporting in Nigeria's Federal Ministry of Finance, Budget, and National Planning. Specifically, IPSAS adoption significantly enhances accountability, transparency, comparability, and full disclosure, with respective coefficients of 0.65, 0.47, 0.52, and 0.34, all having p-values of 0.000, indicating a strong correlation.

Accountability also positively influences transparency, comparability, and full disclosure, as shown by coefficients of 0.2, 0.472, and 0.23, all with p-values of 0.000, highlighting its significant impact. Transparency further shows a strong positive correlation with comparability and full disclosure, with coefficients of 0.489 and 0.44, respectively, also significant at a 1% level. Comparability is also positively correlated with full disclosure, with a coefficient of 0.47 and a p-value of 0.000, indicating that as comparability improves, full disclosure increases. No multicollinearity issues were identified, as the highest correlation coefficient was 65%, well below the threshold of 0.9. Additionally, a normality test confirmed that the data was normally distributed. Overall, IPSAS adoption is shown to have a substantial and beneficial impact on financial reporting quality.

Discussion of findings

Based on the regression results, the study found that IPSAS adoption has a positive and significant influence on accountability of financial reporting by Federal Ministry of Finance, Budget and National Planning in Nigeria. These findings support those of Lopes et al. (2013); Funnell and Cooper (2018); Asare and Sadeghzadeh (2014); Duenya et al. (2017) who found a positive and significant influence of IPSAS adoption on accountability of financial reporting in the public sectors.

Similarly, the study also found that IPSAS adoption has positive and significant influence on transparency of financial reporting by Federal Ministry of Finance, Budget and National Planning in Nigeria. These findings are consistent with those of Ofoegbu (2014); Nkwagu et al. (2016); Ben Hamzah et al. (2017) that found a positive and insignificant influence of IPSAS adoption on transparency in the public sector.

Furthermore, the study also found that IPSAS adoption had a positive and significant influence on comparability of financial statements by Federal Ministry of Finance, Budget and National Planning in Nigeria. These findings are in tandem with those of Alshujairi (2014); Udeh and Sopekan (2015); Vodopivec et al. (2018) that found a positive and significant influence of IPSAS adoption on comparability of financial statements by Federal Ministry of Finance, Budget and National Planning and agencies in the public sector.

In addition, the study found that IPSAS adoption has a positive and significant effect on by full disclosure of financial statements by Federal Ministry of Finance, Budget and National Planning in Nigeria. These findings are in support of the works of Oyadonghan (2014); Akinleye1 and Alaran-Ajewole (2018); John et al. (2023) that found a positive and significant influence of comparability on IPSAS adoption in the public sector.

5. Conclusion and Recommendations

Conclusion

The study concludes that the adoption of International Public Sector Accounting Standards (IPSAS) positively and significantly impacts the quality of financial reporting in Nigeria's Federal Ministry of Finance, Budget, and National Planning. The research shows a strong relationship between IPSAS adoption and four key aspects of financial reporting: accountability, transparency, comparability, and full disclosure.

Firstly, IPSAS adoption significantly improves accountability in the Ministry's financial reporting, ensuring that reports are more reliable and responsible. Secondly, it enhances transparency by making financial reports clearer and easier to understand when IPSAS guidelines are followed. This leads to better transparency in financial disclosures. Thirdly, the study confirms that IPSAS adoption boosts comparability, allowing financial reports to be more easily compared across different periods and entities, improving decision-making. Lastly, IPSAS has a positive effect on full disclosure, ensuring that all relevant financial information is accurately reported and disclosed.

In summary, the study concludes that IPSAS adoption significantly improves accountability, transparency, comparability, and full disclosure in the Ministry's financial reporting. The more IPSAS is adopted, the higher the quality of financial reporting across these all areas.

The following recommendations are made based on the findings of this study.

i. IPSAS adoption had positive and significant influence on accountability of financial statements by Federal Ministry of Finance, Budget and National Planning in Nigeria. It is therefore recommended that management of Federal Ministry of Finance, Budget and

National Planning in Nigeria should continue its IPSAS adoption so that accountability of financial reporting is always available for decision making by Federal Ministry of Finance, Budget and National Planning in Nigeria.

ii. Besides, IPSAS adoption had positive and significant influence on transparency of financial statements. It is therefore recommended that management of Federal Ministry of Finance, Budget and National Planning in Nigeria should ensure that IPSAS adoption continues because it enhances transparency of financial reporting by Federal Ministry of Finance, Budget and National Planning in Nigeria.

iii. Furthermore, IPSAS adoption had positive and significant effect on comparability of financial statements. Consequently, it was recommended that the management of Federal Ministry of Finance, Budget and National Planning in Nigeria should ensure that IPSAS adoption is continued so that comparability of financial statements by Federal Ministry of Finance, Budget and National Planning and agencies can always be made.

iv. Similarly, full disclosure of financial reporting was found to be positive and significantly influenced by IPSAS adoption on quality of financial reporting by Federal Ministry of Finance, Budget and National Planning in Nigeria. It is therefore recommended that management of Federal Ministry of Finance, Budget and National Planning in Nigeria should maintain its IPSAS adoption so that full disclosure of financial reporting is always available for decision making by Federal Ministry of Finance, Budget and National Planning in Nigeria.

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