Transparency and Accountability in Public Sector Financial Reporting in Nigeria: Influence of International Public Sector Accounting Standards (IPSAS) Adoption

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Abstract

The study examined the extent to which International Public Sector Accounting Standards (IPSAS) adoption relates with the transparency and accountability in public sector financial reporting in Nigeria. The specific objective was to examine the degree to which IPSAS adoption enhances financial reporting transparency and accountability in financial reporting of Nigerian public sector. This study employs a cross-sectional survey design. The population for this study consists of 6,393 staff from federal ministries, departments, and agencies (MDAs) located in Anambra State, Nigeria. A sample of 121 respondents was determined using the Taro Yamane formula for sample size calculation. Primary data for this study were collected through a structured questionnaire. Descriptive statistics, including mean, and frequency analysis were used to summarize and interpret the data. Inferential statistics, specifically Pearson Correlation, was employed to test hypotheses. Statistical analyses were performed using SPSS version 26. The findings showed that: IPSAS adoption significantly enhances financial reporting transparency in the Nigerian public sector (Pearson Correlation: 0.819, p-value: 0.000); IPSAS adoption significantly promotes accountability in financial reporting within the Nigerian public sector (Pearson Correlation: 0.488, p-value: 0.000). In conclusion, the adoption of IPSAS in Nigeria represents a significant advancement in the quest for improved transparency and accountability in public sector financial reporting. To ensure consistent improvement in financial reporting transparency, it is recommended that the Federal Government of Nigeria mandate the regular training and capacity-building programs for accounting personnel across all public sector entities. This will help address the disparities in the implementation of IPSAS and ensure that all public sector institutions can fully integrate and adhere to the standards, thereby enhancing the overall transparency of financial reporting.

Keywords: *International Public Sector Accounting Standards (IPSAS) adoption, Transparency and Accountability*

1.0 Introduction

The public sector in Nigeria has undergone significant transformation over the past few decades, driven by a series of reform initiatives aimed at improving governance and financial management. One of the pivotal changes has been the adoption of International Public Sector Accounting Standards (IPSAS) (Balogun & Fatogun, 2022). These standards represent a significant shift from the cash-based accounting system previously employed by Nigerian public sector entities to an accrual-based accounting system. The adoption of IPSAS is crucial for enhancing transparency and accountability in public sector financial reporting (Abatcha, 2024). Transparency in financial reporting ensures that information about public finances is clear, accessible, and understandable to stakeholders, including citizens, government officials, and oversight bodies. Accountability, on the other hand, involves the obligation of public sector entities to justify their financial decisions and use of resources. Effective IPSAS adoption facilitates these objectives by providing a standardized framework for financial reporting that is consistent, reliable, and comparable (Adedeji, 2024). This, in turn, supports informed decision-making and strengthens public trust in government financial management. In a country like Nigeria, where financial mismanagement and corruption have been longstanding issues, the successful implementation of IPSAS is seen as a critical step towards improving the credibility and integrity of public sector financial reporting (Okpara, Eke & Ajabor, 2023).

IPSAS are developed by the International Public Sector Accounting Standards Board (IPSASB) and are designed to enhance the quality of financial reporting in the public sector (Ogbuagu & Onuora, 2019). The standards mandate a shift from cash-based accounting, which records financial transactions when cash is received or paid, to accrual-based accounting, which records transactions when they occur regardless of cash flow. Accrual accounting provides a more comprehensive view of an entity’s financial position by including assets, liabilities, revenues, and expenses. This approach aims to reflect the true economic condition of public sector entities, facilitating better financial planning and management.

In Nigeria, the adoption of IPSAS has been a transformative process with notable implications for transparency and accountability in public sector financial reporting (Zibaghafa & Chukwu, 2024). Prior to IPSAS, Nigeria's public sector used a cash-based accounting system that often obscured the true financial health of government entities. The transition to an accrual-based system mandated by IPSAS has introduced a more rigorous framework for financial reporting, requiring detailed disclosures about the government's financial position and performance. This shift has aimed to address the deficiencies of the previous system, such as the lack of comprehensive financial information and the potential for financial manipulation.

The impact of IPSAS adoption in Nigeria can be observed in several areas. Firstly, the accrual-based system has improved the accuracy and completeness of financial reports, providing stakeholders with a clearer picture of public finances. This enhanced transparency allows for more effective scrutiny of government expenditures and financial decisions, which is crucial in a country where public sector corruption has been a significant concern (Okpara, Eke & Ajabor, 2023). Additionally, the adoption of IPSAS has fostered greater accountability by establishing clear standards for financial reporting and requiring public sector entities to adhere to these standards (Ogbuagu & Onuora, 2019). This has led to more consistent and comparable financial information, making it easier for oversight bodies and the public to evaluate the performance and financial health of government entities.

Moreover, the IPSAS framework has encouraged the development of more sophisticated financial management practices within the Nigerian public sector. The implementation of IPSAS has necessitated improvements in accounting systems, training for financial personnel, and the establishment of internal controls (Zibaghafa & Chukwu, 2024). These advancements contribute to a more robust financial management environment, which supports the goals of transparency and accountability. However, the transition has not been without challenges. Issues such as insufficient capacity, resistance to change, and the need for significant investment in new systems and training have posed obstacles to full IPSAS implementation (Adedeji, 2024). The transition from cash-based to accrual-based accounting has been fraught with difficulties, including inadequate training for financial personnel, insufficient capacity and resources, and resistance to change within public sector institutions. Additionally, many public sector entities have struggled with the complexities of accrual accounting and the necessary upgrades to accounting systems and processes. As a result, the financial reports produced have often fallen short of the standards required for accurate and transparent financial reporting.

The consequences of these challenges are significant. The shortcomings in IPSAS implementation have led to continued issues with financial transparency and accountability. Inaccurate or incomplete financial reports undermine stakeholders' ability to effectively scrutinize government expenditures and financial decisions. This ongoing lack of clarity and reliability in financial reporting has perpetuated concerns about mismanagement and corruption within the public sector. Furthermore, the failure to fully embrace IPSAS principles weakens the potential for improved financial oversight and governance, ultimately impacting public trust and the effectiveness of financial management in Nigeria's public sector. This study addresses a significant gap in literature by surveying the perspectives of staff from federal ministries, departments, and agencies (MDAs) located in Anambra State, Nigeria, in order to establish the nexus between IPSAS adoption and transparency alongside the nexus between IPSAS adoption and accountability in public sector financial reporting.

1.1 Objective of the Study

The main objective of the study is to examine the extent to which IPSAS adoption relates with the transparency and accountability in public sector financial reporting in Nigeria. The specific objectives are as follows:

1) To examine the degree to which IPSAS adoption enhances financial reporting transparency in Nigerian public sector.

2) To ascertain the extent to which IPSAS adoption promotes accountability in financial reporting of Nigerian public sector.

1.2 Hypotheses of the Study

H01) IPSAS adoption does not significantly enhance financial reporting transparency in Nigerian public sector.

H02) IPSAS adoption does not significantly promote accountability in financial reporting of Nigerian public sector.

2.0 Literature Review

2.1 Conceptual Review

IPSAS Adoption

IPSAS adoption refers to the process through which public sector entities transition to implementing the International Public Sector Accounting Standards (IPSAS) in their financial reporting practices (Ogbuagu & Onuora, 2019). IPSAS are a set of accounting standards developed by the International Public Sector Accounting Standards Board (IPSASB) specifically designed for the public sector (Balogun & Fatogun, 2022). The primary objective of IPSAS adoption is to enhance the quality and comparability of financial information provided by public sector organizations (Zibaghafa & Chukwu, 2024). This transition generally involves moving from a cash-based accounting system, which records transactions only when cash changes hands, to an accrual-based accounting system, which recognizes financial events when they occur regardless of cash flow. The adoption of IPSAS is a significant undertaking for public sector entities, as it requires substantial changes in accounting policies, practices, and reporting procedures (Balogun & Fatogun, 2022). It involves not only updating financial reporting systems and processes but also training staff to understand and apply the new standards effectively.

The shift to IPSAS aims to improve the reliability and transparency of financial reports, thereby enhancing public sector accountability and financial management. By standardizing accounting practices, IPSAS adoption facilitates better comparability of financial information across different public sector entities and countries, which is crucial for stakeholders who rely on this information for decision-making and oversight (Egolum & Ndum, 2021). For many countries, including Nigeria, IPSAS adoption is part of a broader reform agenda aimed at improving governance and financial management in the public sector. The process of IPSAS adoption often entails a phased approach, beginning with pilot projects or incremental implementation, followed by full-scale adoption.

Successful implementation of IPSAS can lead to more accurate and meaningful financial reporting, which in turn can enhance public sector accountability and build greater trust among citizens and stakeholders (Ogbuagu & Onuora, 2019). However, the transition process can also present challenges, such as the need for substantial capacity building, changes in organizational culture, and overcoming resistance to new practices.

Financial Reporting Transparency

Financial reporting transparency refers to the clarity, openness, and accessibility of financial information provided by organizations, particularly in the public sector (Balogun & Fatogun, 2022). Transparency in financial reporting means that financial statements and related disclosures are presented in a manner that is easy to understand and interpret by all relevant stakeholders, including government officials, citizens, investors, and oversight bodies. Transparent financial reporting ensures that the information provided is complete, accurate, and free from misleading elements or obfuscation. This transparency is achieved through clear presentation of financial statements, detailed notes explaining the financial data, and adherence to established accounting standards and principles (Sunday & Ovuakporaye, 2020).

Transparency in financial reporting is crucial because it allows stakeholders to have a clear view of an organization's financial health, performance, and risks. In the public sector, transparency helps to ensure that public funds are managed responsibly and that financial decisions are made based on reliable and comprehensive information (Ogbuagu & Onuora, 2019). It also facilitates effective oversight by enabling external parties to scrutinize financial activities and assess whether resources are being used efficiently and for their intended purposes. Transparent financial reporting supports accountability by providing a basis for evaluating the performance and integrity of public sector entities.

For public sector organizations, transparency in financial reporting involves disclosing not only the financial results but also the methodologies and assumptions used in preparing the reports (Sunday & Ovuakporaye, 2020). This includes providing information about the accounting policies, significant financial transactions, and any potential conflicts of interest. Transparency also involves making financial information readily accessible to the public, often through online platforms or public reports. By promoting transparency, organizations can enhance public trust and confidence, as stakeholders are better able to understand and assess the financial implications of government decisions and policies.

Accountability in Financial Reporting

Accountability in financial reporting refers to the responsibility of organizations to provide accurate, truthful, and comprehensive financial information that reflects their financial performance and position (Ngwayi & Alabede, 2022). It encompasses the obligation of public sector entities to justify their financial decisions, demonstrate how resources have been utilized, and explain any variances between actual and expected financial outcomes (Balogun & Fatogun, 2022). Accountability ensures that public sector entities are answerable to stakeholders for their financial activities and that they adhere to established standards and regulations in their financial reporting practices (Ogbuagu & Onuora, 2019).

In the context of financial reporting, accountability involves several key aspects. First, it requires that financial reports be prepared in accordance with recognized accounting standards and principles, ensuring that the information presented is reliable (Sunday & Ovuakporaye, 2020). Second, it involves providing detailed explanations and justifications for financial decisions, transactions, and outcomes. This includes disclosing any potential risks, uncertainties, or deviations from budgetary plans. Third, accountability in financial reporting means that organizations must be responsive to inquiries and concerns raised by stakeholders, including auditors, regulatory bodies, and the public.

For public sector entities, accountability in financial reporting is essential for maintaining trust and confidence in government operations (Ngwayi & Alabede, 2022). It enables stakeholders to assess whether public funds are being managed effectively and whether financial practices are aligned with legal and ethical standards. By holding public sector entities accountable, financial reporting helps to prevent misuse of resources, reduce corruption, and promote good governance. Effective accountability also supports the broader goals of transparency and financial integrity, contributing to a more responsible and responsive public sector (Sunday & Ovuakporaye, 2020).

2.2 Theoretical Framework

New Public Management (NPM) theory emerged in the late 1970s and early 1980s as a response to perceived inefficiencies and inadequacies in traditional public sector management practices (Lane, 2002). Originating primarily from the works of scholars and policymakers such as Christopher Hood, who formalized the theory in his seminal 1991 work, "A Public

Management for All Seasons?" NPM represents a paradigm shift aimed at injecting private sector principles into public administration to enhance performance, accountability, and efficiency (Hood, 1995). The theory was developed against the backdrop of growing criticism of public sector bureaucracies, which were seen as excessively rigid, inefficient, and unresponsive to the needs of citizens (Gruening, 2001).

The main postulations of NPM theory include the adoption of private sector management practices in the public sector, with a focus on improving efficiency, accountability, and responsiveness (Drechsler, 2005). Key elements of NPM include the introduction of performance measurement systems, decentralization of authority, increased emphasis on results-oriented management, and a shift towards market-oriented mechanisms such as competition and outsourcing. NPM advocates for the use of managerial techniques such as performance benchmarking, customer service orientation, and financial discipline to enhance public sector effectiveness (Gruening, 2001). It also emphasizes the importance of clear performance targets and accountability mechanisms to ensure that public sector entities meet their goals and deliver value to citizens.

NPM theory is highly relevant to the study of IPSAS adoption in the Nigerian public sector as it provides a framework for understanding the motivations and expected outcomes of implementing international accounting standards. The adoption of IPSAS aligns with NPM's focus on improving financial management and accountability by introducing standardized, accrual-based accounting practices that enhance transparency and comparability of financial information. By adopting IPSAS, Nigerian public sector entities are embracing principles of performance measurement and accountability that are central to NPM. The theory helps explain how IPSAS adoption represents a broader effort to reform public sector management practices, aiming to improve financial reporting, ensure more efficient use of resources, and enhance overall governance.

2.3 Empirical Review

Abatcha (2024) investigated the effect of adopting International Public Sector Accounting Standards (IPSAS) on the quality of financial reports in the public sector of Borno State. Secondary data was collected from 17 Ministries in the state. The Theory of isomorphism was used as the study's framework. The study adopted a descriptive survey design, and the collected data underwent a completeness check, followed by summarization, coding, and tabulation using SPSS version 20. Descriptive statistics were applied to describe the study variables, while paired-sample t-tests were conducted to identify any significant differences between old accounting standards and assess the quality scores. Findings reveal that IPSAS-based reports in Borno State scored higher in relevance and comparability compared to old standards-based reports, but had lower scores in faithful representation and understandability. The study recommends a cautious transition to accrual basis IPSAS standards, granting more autonomy for financial management reforms, and utilizing past financial data for a reality check in budgeting.

Adedeji (2024) examined the factors affecting the adoption of IPSAS in the South Western States of Nigeria. The focus of the study was mainly on isomorphic factors, and the survey included all the MDAs in the geopolitical zone. A well-structured questionnaire was used to gather information from prospective respondents who are accounting officers in the public service of the states in the geopolitical zone. A total sample of 400 respondents was selected using the Taro Yamane sampling technique. The data were analyzed using both descriptive statistics and Structural Equation Modelling. The results indicate that normative (interest group political power, resources, and capacity) and coercive (from federal government, international institutions, and the state fiscal imbalance) factors influenced the adoption of IPSAS in the sample states.

Zibaghafa and Chukwu (2024) investigated public sector accounting standards adoption and the quality of financial reporting in higher institutions in Rivers and Bayelsa States, Nigeria. The study adopted a survey research design. The study population consisted of all public higher institutions in both states, and a sample size of 320 was utilized for the study. Primary and secondary sources of data were employed, while univariate and multivariate analyses were used for data analysis. The multivariate analysis revealed that Pre- and Post-IPSAS adoption has no significant difference in the financial reporting of relevance, while faithful representation, understandability, timeliness, verifiability, and comparability showed significant differences in the Pre- and Post-IPSAS adoption periods in the higher institutions in Rivers and Bayelsa State. The study concluded that the Pre- and Post-IPSAS periods have no significant influence on the relevance of higher institutions in Rivers and Bayelsa States. Both Pre- and Post-IPSAS adoption periods have a significant difference in influencing faithful representation, understandability, timeliness, and verifiability of higher institutions in Rivers and Bayelsa States.

Okpara, Eke, and Ajabor (2023) investigated the impact of International Public Sector Accounting Standards (IPSAS) on financial reporting in Edo State, Nigeria. The specific objectives were to investigate the effect of IPSAS on the disclosure of financial information, transparency and accountability in financial reporting, and the comparability of financial reporting in the public sector in Edo State. A survey design approach was employed, and questionnaires were administered to 208 chartered accountants working in Ministries and Agencies under the Edo State Government. Descriptive and inferential statistics were used to analyze the data, and Pearson Chi-Square was employed to test the study's hypotheses. The findings revealed that IPSAS has a significant impact on the disclosure of financial information, transparency, and accountability in public sector financial reporting in Edo State. Additionally, it was found that IPSAS significantly influences the comparability of financial reports. In conclusion, this study demonstrates that IPSAS substantially impacts public sector financial reporting in Edo State, Nigeria. The study recommends that the adoption of IPSAS should be sustained, annual financial reports should be published in a timely manner, and made accessible through the internet as a dissemination medium.

Balogun and Fatogun (2022) examined the impact of IPSAS adoption on financial accountability, transparency, and credibility of financial management at the local government level in Ogun State. Primary data was collected from three local governments, with thirty questionnaires administered to conveniently selected members of the Accounting, Internal Audit, and Finance departments across the selected local governments. The data were analyzed using descriptive statistics, and regression analysis was used to test the hypotheses on the impact of IPSAS adoption on financial accountability and transparency in local government in Nigeria. The results show that IPSAS adoption has a significantly positive impact on financial accountability ($t=8.117$; $p=.006$) and the credibility of financial management at the local government level ($t=1.221$; $p=.002$). However, IPSAS has no significant impact on transparency ($t=2.932$; $p=.091$).

Mohammed, Odeh, Umar, Abdulkarim, Nurudeen, and Ibrahim (2022) examined the impact of recognition, measurement, and disclosure under IPSAS on transparency, accountability, and financial management of selected government parastatals in Zaria. Using a census sampling technique, all 60 accounting personnel in the population were tested. Data was collected via questionnaires from the selected parastatals, including Ahmadu Bello University, Zaria; the Federal College of Education under the Federal Ministry of Education; the Nigerian Institute for Leather Science and Technology under the Federal Ministry of Science and Technology; the National Institute for Transport Technology; and the Nigerian College for Aviation Technology under the Federal Ministry of Transport. The study was anchored on institutional and agency theory and adopted a cross-sectional research design. The results showed that disclosure and recognition have a significant and positive impact on accountability, financial management, and transparency at a 1% level of significance. The study recommended that public sector institutions adopt IPSAS for better management, accountability, and transparency in financial reporting.

Ngwayi and Alabede (2022) examined the effect of public sector financial reporting attributes on public accountability at the subnational level, focusing on Taraba State, Nigeria. Data was collected using a questionnaire administered to a random sample of accounting and auditing staff across all Taraba State ministries. Pearson's correlation coefficient and multiple regression analysis were used to determine the direction and significance of the relationship between the variables and to test the hypotheses. The findings revealed a statistically significant positive effect of relevance, reliability, and comparability of public sector financial reporting attributes on accountability in Taraba State. However, the statistical evidence did not establish a significant relationship between understandability and timeliness of public sector financial reporting attributes and accountability. The study concluded that to entrench greater accountability at the subnational level in Nigeria, particularly in Taraba State, policymakers and accounting operators must institute a process that makes public sector financial reports more relevant, reliable, and comparable.

Egolum and Ndum (2021) examined the effect of IPSAS on the financial reporting quality of the Anambra State public sector. The study focused on three objectives: accountability, transparency, and corruption reduction. A survey research design and primary data were used, with questionnaires distributed to staff in the Anambra State Ministry of Finance. The population comprised all 127 staff members, and the researcher used the entire population for the study. The instrument's validity was confirmed, and the internal consistency was verified using Cronbach's Alpha, with a coefficient value of 0.82. Data were analyzed using frequency counts, mean scores, and standard deviation, with hypotheses tested using the Chi-square statistical tool with SPSS version 20.0 at a 5% significance level. The study revealed that IPSAS adoption leads to increased accountability, enhanced transparency, and reduced corruption among public officers. The researchers recommend that the Nigerian government provide the necessary support for the full implementation and sustenance of IPSAS in the public sector.

Ademola, Ben-Caleb, Madugba, Adegboyegun, and Eluyela (2020) evaluated the relationship between IPSAS adoption and financial reporting quality in Southwest Nigeria. The study specifically analyzed the effect of IPSAS adoption on the credibility and comparability of financial statements and investigated factors influencing IPSAS implementation. Primary data collected from 180 accountants in Southwest Nigeria were analyzed using tabulation, graphs, factor analysis, and Goodman and Kruskal's gamma statistics. The empirical results indicated that IPSAS adoption significantly and positively affects financial reporting quality, credibility, and comparability. The study also found that implementation cost, staff training, technological factors, IPSAS knowledge and awareness, and the availability of expertise significantly affect IPSAS implementation. However, institutional commitment, cultural, sociological, legal, political, and environmental factors were not significant influences. The authors recommend allocating considerable funds for the full adoption and implementation of IPSAS in Nigeria.

Muraina and Dandago (2020) examined the effects of implementing International Public Sector Accounting Standards (IPSAS) on Nigeria's financial reporting quality. The study used a survey research design to evaluate these effects and applied the Partial Least Square 3 (SmartPLS 3) analysis technique. The findings showed that accountability positively and significantly affects the quality of financial reporting in Nigeria, with IPSAS improving the level of accountability and, consequently, the quality of financial reporting.

Nzewi and Enuenwemba (2020) analyzed the effect of IPSAS on the Delta State Ministry of Finance, focusing on accountability and transparency among public officers. A survey research design was adopted, with a sample of 185 drawn from a population of 343 staff members in Delta State Ministries, Departments, and Agencies (MDAs). Data collected via questionnaires were analyzed using a five-point Likert scale, and hypotheses were tested using regression analysis with SPSS Version 20.0. The results indicated that adopting IPSAS enhances accountability and transparency among public officers. The study recommends that the Nigerian government provide the necessary support for the full implementation and sustenance of IPSAS in the public sector to tackle corruption effectively.

Sunday and Ovuakporaye (2020) investigated the effect of IPSAS on accountability and transparency in public sector organizations in Bayelsa State, Nigeria. Anchored on stakeholder theory, the study used four research questions and three hypotheses. The population consisted of all government MDAs in Bayelsa State. Data were collected via a self-designed questionnaire administered through Google Forms and analyzed using descriptive statistics, with hypotheses tested using ANOVA. The findings revealed that the implementation of IPSAS in Bayelsa State's MDAs is fairly reasonable, with a mean score of 3.05. IPSAS implementation was found to enhance accountability and transparency and add value to financial reports in MDAs. The study recommends enforcing full IPSAS implementation for higher accountability and transparency levels in MDAs.

3.0 Methodology

This study employs a cross-sectional survey design to explore the relationship between IPSAS adoption and financial reporting transparency and accountability in the Nigerian public sector. This design is chosen because it allows for the collection of data at a single point in time from a diverse range of public sector stakeholders, including accountants, financial officers, and policymakers (Nworie & Odah, 2024). By capturing a snapshot of current practices (Meshack, Orji, Nworie & Aggreh, 2022), the cross-sectional survey provides a comprehensive understanding of how IPSAS influences transparency and accountability in financial reporting. It enables the examination of correlations between IPSAS adoption and financial reporting outcomes, offering insights into the effectiveness of the standards and identifying areas for improvement without the extended time and resource demands of longitudinal studies.

The population for this study consists of 6,393 staff from federal ministries, departments, and agencies (MDAs) located in Anambra State, Nigeria. The focus is on management personnel and supervisors who are actively involved in financial reporting and oversight. A sample of 121 staff members from the population of 6,393 was determined using the Taro Yamane formula for sample size calculation. The sample was selected through a non-probability sampling technique, which involves randomly choosing participants from the defined population. The formula used is:

$$n = \frac{N}{1+N\,(e)^2}$$

Where; n = Sample size

N = Population of the study

e = Level of significance @ 9%

Therefore, sample size for the study is determined thus:

$$n = \frac{6393}{1+6393\,(0.09)^2}$$

n = 121.11785

Approximately, sample size = 121 staff.

Primary data for this study were collected through a structured questionnaire designed to capture detailed information on IPSAS adoption, transparency, and accountability in financial reporting. The questionnaire utilized a Likert scale to gauge respondents' levels of agreement with various statements, providing nuanced insights into their perceptions and experiences. Data analysis involved both descriptive and inferential statistical methods. Descriptive statistics, including mean, and frequency analysis were used to summarize and interpret the data. Inferential statistics, specifically Pearson Correlation, were employed to test hypotheses and examine relationships between IPSAS adoption and financial reporting outcomes. Statistical analyses were performed using SPSS version 26.

4.0 Data Analysis

4.1 Analysis of Research Questions

Table 4.1 Analysis of Research Questions

A	IPSAS Adoption	SA	A	N	D	SD	Mean	Remark
1.	The adoption of IPSAS has been successfully implemented in our public sector organization.	24	54	25	17	1	3.69	Accept
2.	Training and resources provided for IPSAS adoption have been adequate to support its effective implementation.	25	58	23	14	1	3.76	Accept
3.	The transition to IPSAS has been well-managed and has met the expectations of our public sector agency.	18	49	28	25	1	3.48	Accept

4.	The benefits of IPSAS adoption outweigh the challenges faced during its implementation in our organization.	14	53	34	20	0	3.50	Accept
B	**Financial Reporting Transparency**	**SA**	**A**	**N**	**D**	**SD**	**Mean**	**Remark**
5	Financial reports based on IPSAS provide comprehensive information about public sector finances.	17	42	37	21	4	3.39	Accept
6	IPSAS adoption has enhanced the clarity of financial statements for external auditors and stakeholders.	18	49	33	19	2	3.51	Accept
7	The level of detail in IPSAS-based financial reports facilitates better understanding of public sector expenditures.	21	53	27	15	5	3.58	Accept
8	IPSAS financial reporting has reduced ambiguities and uncertainties in public sector financial documents.	22	53	28	17	1	3.64	Accept
C	**Accountability in Financial Reporting**	**SA**	**A**	**N**	**D**	**SD**	**Mean**	**Remark**
9	The adoption of IPSAS has increased the level of accountability in financial reporting within the public sector.	15	58	28	19	1	3.55	Accept
10	Financial reports prepared under IPSAS provide a clear audit trail that enhances accountability.	11	47	25	36	2	3.24	Accept
11	IPSAS adoption has led to stricter adherence to financial reporting standards and accountability practices.	9	50	30	29	3	3.27	Accept
12	IPSAS has strengthened the public sector's ability to hold financial managers accountable for their financial decisions.	22	63	20	15	1	3.74	Accept

Source: Field Survey (2024)

Table 4.1 provides a detailed analysis of various aspects related to IPSAS adoption, financial reporting transparency, and accountability in financial reporting within public sector organizations. Each item reflects respondents' perceptions based on a Likert scale, with the Mean and Remark columns offering a summary of the general consensus.

In the section on IPSAS adoption, the item "The adoption of IPSAS has been successfully implemented in our public sector organization" received a mean score of 3.69, indicating a favorable response from the majority of participants. This suggests that respondents generally believe the implementation of IPSAS has been successful, though the spread of responses shows some variability in opinions. Similarly, the statement "Training and resources provided for IPSAS adoption have been adequate to support its effective implementation" achieved a slightly higher mean of 3.76. This indicates a consensus that training and resources have been sufficiently provided, although there is still a minority who may not fully agree. The item "The transition to IPSAS has been well-managed and has met the expectations of our public sector agency" scored 3.48, reflecting a generally positive view but with a notable number of neutral and dissenting opinions, suggesting some concerns or areas where expectations may not have been entirely met. The statement "The benefits of IPSAS adoption outweigh the challenges faced during its implementation in our organization" has a mean score of 3.50, which signifies that while there is an overall acceptance that benefits outweigh challenges, there is still significant diversity in perceptions of the balance between benefits and difficulties.

Turning to financial reporting transparency, the item "Financial reports based on IPSAS provide comprehensive information about public sector finances" has a mean score of 3.39, indicating that respondents find IPSAS-based reports somewhat comprehensive but with room for improvement. The statement "IPSAS adoption has enhanced the clarity of financial statements for external auditors and stakeholders" scored 3.51, suggesting a moderate agreement that IPSAS has improved clarity, though it is not universally felt. The item "The level of detail in IPSAS-based financial reports facilitates better understanding of public sector expenditures" achieved a mean of 3.58, reflecting a positive assessment that IPSAS reports are detailed enough to improve understanding of expenditures. Lastly, the statement "IPSAS financial reporting has reduced ambiguities and uncertainties in public sector financial documents" received a mean score of 3.64, indicating a strong perception that IPSAS has successfully reduced ambiguities, although there are still some dissenting views.

In the section on accountability in financial reporting, the statement "The adoption of IPSAS has increased the level of accountability in financial reporting within the public sector" has a mean score of 3.55, showing a general agreement that IPSAS has enhanced accountability, but with some variation in responses. The item "Financial reports prepared under IPSAS provide a clear audit trail that enhances accountability" achieved a mean of 3.24, suggesting that while there is an acceptance that IPSAS reports provide an audit trail, opinions on its effectiveness are more mixed. The statement "IPSAS adoption has led to stricter adherence to financial reporting standards and accountability practices" scored 3.27, reflecting a more moderate agreement that IPSAS has enforced stricter adherence, with a considerable proportion of neutral or disagreeing responses. Finally, the item "IPSAS has strengthened the public sector's ability to hold financial managers accountable for their financial decisions" received the highest mean score of 3.74, indicating a strong consensus that IPSAS has effectively improved accountability in financial management, though some respondents still have reservations.

4.2 Test of Hypotheses

The hypotheses of the study were tested using Pearson correlation, in line with the objectives and the research design adopted in the study.

4.2.1 Test of Hypothesis I

H01) IPSAS adoption does not significantly enhance financial reporting transparency in Nigerian public sector.

Table 4.2 Correlations for Hypothesis I

		IPSAS Adoption	Financial reporting transparency
IPSAS Adoption	Pearson Correlation	1	.819**
	Sig. (2-tailed)		.000
	N	121	121
Financial reporting transparency	Pearson Correlation	.819**	1
	Sig. (2-tailed)	.000	
	N	121	121

**. Correlation is significant at the 0.01 level (2-tailed).
Source: SPSS Version 26 (2024)

Hypothesis I posits that IPSAS adoption does not significantly enhance financial reporting transparency in the Nigerian public sector. The data provided in Table 4.2 examines this hypothesis by presenting the Pearson correlation coefficient and the associated p-value for the relationship between IPSAS adoption and financial reporting transparency. The Pearson correlation coefficient is reported as 0.819, which indicates a strong positive correlation between IPSAS adoption and financial reporting transparency. This high correlation suggests that as IPSAS adoption increases, financial reporting transparency also tends to improve significantly. Additionally, the p-value is 0.000, which is well below the conventional significance level of 0.05. This p-value indicates that the observed correlation is statistically significant and not due to random chance. Therefore, we reject the null hypothesis (H01) and conclude that IPSAS adoption significantly enhances financial reporting transparency in the Nigerian public sector.

4.2.2 Test of Hypothesis II

H02) IPSAS adoption does not significantly promote accountability in financial reporting of Nigerian public sector.

Table 4.3 Correlations for Hypothesis II

		IPSAS Adoption	Accountability in financial reporting
IPSAS Adoption	Pearson Correlation	1	.488**
	Sig. (2-tailed)		.000
	N	121	121
Accountability in financial reporting	Pearson Correlation	.488**	1
	Sig. (2-tailed)	.000	
	N	121	121

**. Correlation is significant at the 0.01 level (2-tailed).
Source: SPSS Version 26 (2024)

Hypothesis II asserts that IPSAS adoption does not significantly promote accountability in the financial reporting of the Nigerian public sector. Table 4.3 provides the data needed to evaluate this hypothesis, including the Pearson correlation coefficient and the p-value. The Pearson correlation coefficient is 0.488, which signifies a moderate positive relationship between IPSAS adoption and accountability in financial reporting. Although this correlation is lower compared to the correlation seen in Hypothesis I, it still suggests that there is a positive association between the adoption of IPSAS and improvements in accountability. The p-value here is also reported as 0.000, indicating that this correlation is statistically significant. Thus, we reject the null hypothesis (H02) and accept that IPSAS adoption significantly promotes accountability in financial reporting within the Nigerian public sector. This finding underscores that while the impact on accountability is positive, it is less pronounced compared to the effect on transparency.

4.3 Discussion of Findings

The adoption of International Public Sector Accounting Standards (IPSAS) has been found to significantly enhance financial reporting transparency in the Nigerian public sector, supported by a range of empirical studies. For instance, Okpara, Eke, and Ajabor (2023) demonstrated that IPSAS positively impacts financial disclosure, transparency, and accountability in Edo State, revealing that adherence to these standards improves the clarity and accessibility of financial information. Similarly, Mohammed et al. (2022) found that the implementation of IPSAS significantly enhances transparency in government parastatals by improving disclosure and recognition practices, which in turn positively affects financial management. Moreover, Ngwayi and Alabede (2022) highlighted that public sector financial reporting attributes, enhanced by IPSAS, contribute positively to accountability, though they did not find a significant effect on understandability. However, some studies, such as Zibaghafa and Chukwu (2024), have indicated mixed results, showing no significant difference in the relevance of financial reporting before and after IPSAS adoption, though other attributes like timeliness and comparability improved significantly. These findings suggest that while IPSAS adoption generally promotes greater transparency, the extent and uniformity of its impact can vary based on the specific context and implementation practices.

Similarly, the adoption of IPSAS has been shown to significantly promote accountability in the financial reporting of the Nigerian public sector. Balogun and Fatogun (2022) found that IPSAS adoption had a markedly positive effect on financial accountability at the local government level in Ogun State, though it had less impact on transparency. This is echoed by Ademola et al. (2020), who reported that IPSAS adoption significantly improves the credibility and comparability of financial statements, thereby enhancing accountability. Additionally, Muraina and Dandago (2020) observed that IPSAS adoption positively affects the quality of financial reporting, largely due to its influence on accountability mechanisms. However, studies like Abatcha (2024) have shown that while IPSAS-based reports score higher in relevance and comparability, they might fall short in areas such as faithful representation, which can affect overall accountability. This variation underscores that while IPSAS generally advances accountability, the effectiveness of its implementation can be uneven, depending on local practices and the specific challenges faced by different public sector entities.

5.0 Conclusion and Recommendations

In conclusion, the adoption of IPSAS in Nigeria represents a significant advancement in the quest for improved transparency and accountability in public sector financial reporting. By shifting to an accrual-based accounting system, Nigeria has sought to enhance the reliability and comprehensiveness of financial information, thereby strengthening governance and financial oversight. The impact of this transition underscores the importance of effective implementation and the need for ongoing support and capacity building to fully realize the benefits of IPSAS. This research aims to explore these dynamics in greater depth, assessing the extent to which IPSAS adoption has achieved its intended outcomes and identifying areas for further improvement in Nigeria's public sector financial reporting.

The findings regarding the impact of IPSAS adoption on financial reporting transparency and accountability in Nigeria carry significant implications for public sector management and policy. The observed enhancement in transparency underscores the importance of adopting standardized accounting practices to improve the clarity and accessibility of financial information, thereby fostering greater trust among stakeholders and enabling more informed decision-making. Simultaneously, the promotion of accountability through IPSAS highlights the need for rigorous implementation and adherence to these standards to ensure responsible financial management and effective oversight. However, the mixed results, particularly in areas like faithful representation, suggest that challenges remain in fully realizing the benefits of IPSAS. This indicates that policymakers and public sector managers must focus on addressing implementation issues, providing adequate training, and ensuring robust support systems to optimize the advantages of IPSAS and achieve consistent improvements in financial reporting across all public sector entities. The study therefore recommends that:

1) To ensure consistent improvement in financial reporting transparency, it is recommended that the Federal Government of Nigeria mandate the regular training and capacity-building programs for accounting personnel across all public sector entities. This will help address the disparities in the implementation of IPSAS and ensure that all public sector institutions can fully integrate and adhere to the standards, thereby enhancing the overall transparency of financial reporting.

2) To strengthen accountability in public sector financial management, it is recommended that the National Assembly of Nigeria implement a monitoring and evaluation framework to regularly assess the effectiveness of IPSAS adoption in improving financial accountability.

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