Effect of IPSAS Adoption on Nigeria Public Financial Management

Ajuonu, Anulika Uche
Department of Accountancy,
Faculty of Management Sciences,
Nnamdi Azikiwe University, Awka, Anambra State
au.ajuonu@unizik.edu.ng

Ezeala George
Department of Accountancy,
Faculty of Management Sciences,
Nnamdi Azikiwe University, Awka, Anambra State
ezeala.g@unizik.edu.ng

DOI: 10.56201/jafm.v10.no3.2024.pg51.64

Abstract
This study on effect of IPSAS adoption on Nigeria public financial management was empirically investigated. The study is vital as it portrays the extent to which the adoption of international public sector accounting standards has ensured public financial management in Nigeria using Anambra State, Enugu State and Imo State as a reference point. Four hypotheses were formulated to guide the investigation and the statistical test of parameter estimates was conducted using least square regression model. The study anchored on the stakeholders' theory and stewardship theory. Hence, data were collected using questionnaire survey administered to the Accountants, Auditor's, administrative staff, university lecturers, and some non-public servants who are in business. The empirical analysis of the study indicates that the disclosures of information about the general government sector, segment reporting, accounting for social benefits expenditure and the effect of financial reporting in hyperinflationary economies on Nigeria public financial management. The study concludes that there is a positive effect of IPSAS adoption on public financial management in Nigeria. The study recommends that as Nigeria is entering a new dispensation, they should make stringent rules to ensure that all Federal government establishments and MDA'S across the 36 states of the federation have fully adopted IPSAS in their financial statements and records.

Keyword: *IPSAS Adoption, Nigeria Public Financial Management, Segment Reporting*

1.1 Introduction

IPSAS is currently at the centre of global transition in government accounting. Globalisation has increased global corporation, international exchange and Commerce. As a result, there is an urgent need for greater uniformity in the requirement governing financial statements. So that they remain understandable and provide the same information to consumers all over the world. Globalisation has led to the birth and growth of many multinational Industries and there is need for direction in the accounting procedure to remain what is obtainable globally. There is an urgency of countries to harmonize with international public sector standard to remain relevant. As companies are harmonizing with IFRS in their reporting. Public sector is not to be left out but rather need to synchronise with the wave of change and globalisation. Public Financial Management which is the processes and methods with which the government organises, allocates, and oversees public resources should not be left out. In the context of Nigeria's economic transformation, sound financial management practices are vital to the realisation of the new administration's policies.

Nigeria being giant of Africa, the whole world is watching the giant of Africa to get it right with it's public financial management. This is an opportunity for Nigeria to do in this current dispensation to align because with IPSAS, Nigeria will be able to demonstrate accountability and stewardship in the management of public resources. The aim is to institutionalize IPSAS framework for accountability and transparency in public finance. In line with the trend of globalisation, Nigeria considered the IFAC expectation and a significant decision was made by Nigerian government when IPSAS was adopted in 2010. IPSAS are issued by IPSASB (international public Accounting Standards Board) An independent organ of IFAC (International Federation of Accountants) and also IPSAS are based on the International Financial Reporting Standard (IFRS) formerly known as the International Accounting Standard (IAS).

IFRS are issued by the international accounting Standards Board that adapted IFRS public-sector contest when appropriate. The IPSAS has 42 standards which are on the accrual basis of accounting and one standard on cash basis. The sole objective aim of IPSAS is to improve the quality of general purpose financial reporting by public sector entities leading to better informed assessments of the resource allocation decisions made by governments thereby, ensuring transparency and accountability. It strengthens internal controls, boost financial resource stewardship and increase efficiency in decision-making, promotion of multilateral trade and partnership thus promoting globalisation. According to Hong Kong Society of Accountants and the World Bank blog, here's the following entry on May 24, 2019. Which is Food for Thought. Nigeria recently improved is Citizens participation and accountability written to the worldwide governance indicators but there is room for much progress. That Nigeria has yet to improve or many areas measured by international governance benchmark.

Open Budget Index (OBI) ranks Nigeria in the bottom of quartile countries on fiscal transparency. According to the 2018 survey more than half of Nigeria believe that elected officials were corrupt and two third were dissatisfied with democratic institution. This can be seen in the recently concluded election of 2023. This arises the need of the full adoption of IPSAS whose sole aim is making public finance management work for citizens, especially for those excluded Communities and person living in poverty. The concern for upgrading Nigeria public finance arose from its observed weakness manifested in weak domestic resource mobilization, the unhealthy dependency on oil money, low tax Revenue, leakages in procurement, unemployment, poor infrastructural development, poor human capital development, problems facilitated by corruption, unclear boundaries among tiers of government with respect to taxation powers, weak institutions, archaic laws and inadequate deployment of information technology.

As corruption is threatening to destroy every fabric and strip the economy naked. In Nigeria as a nation about around 60% of corruption cases are procurement related like the case of just concluded elections that millions were used for BVAS procurement yet no meaningful milestones achieved. This fraudulent act in the public sector has prompted the need to use a high quality data to make decisions to ensure that annual financial statements that are timely, transparent and accessible play an important role in government accountability to his people by elected officials. It is on this note that Federal Government of Nigeria states 2023 for compulsory implementation by Ministry department and agency who failed to adhere to provisions of the government approved international public accounting standard in the preparation of the financial statements by 2023. Federation Accounts Allocation committee (FAAC) sub committees presiding chairman at the office of the Accountants General of the federation Mr Christopher Nyong made the remarks at a nation-wide training and capacity building for financial management operators across the country with special focus on the third tier of government.

1.2 Statement of Problem

As the financial reporting and transparency in Nigeria's public sector has been on a weak form where funds are misappropriated, mismanaged and after embezzlement they cook up stories of animals carting away with money and apportioning the blame to the devil. According to one academic review, This "leaves a lot of space for improvement (Akhidime, (2012). In certain organizations, there are also ongoing problems with the internal audit function and internal control. Nigeria began the implementation of IPSAS in 2016 but a few government agencies have refused to join the platform for accountability. Nigeria federal government implemented IPSAS in it's entirety in January 2016 (Ugwumadu, 2015). But each of the country's 36 autonomous states sets its own implementation timelines. Christopher Nyong buttressed that government will not accept any excuses from any MDA'S on IPSAS implementation. Sanctions will come naturally because if Most of them are unable to implement IPSAs their access to public funds will be impaired.

The year 2023 marks a significant turning point in Nigeria following a keenly contested election in Nigeria in February that urshered in President tinubu's administration, which was inaugurated in late May . As expected the new administration came with immediate raft of reforms and policy pronouncement which far reaching implications for the economy and the Citizens. This policy decision holds immense potential to reshape the nations economic trajectory and set it on a part towards sustainable growth and development. Crucial to the success of of this endeavor is effective public Financial Management. In this year 2024 , when economy stiffened there is a wake up call for government to ensure transparency in every sector of the economy and make stringent rules to ensure compliance with the reforms. It is against this background that this study arises to examine the effect of IPSAS adoption on Nigeria public financial management and ways to crub the issues of corruption, misappropriation and embezzlement which is eating deep down the fabrics of the country and to savage the economy from doom and collapse.

1.3 Objectives of the study

The main objective of the study is to examine the effect of international public sector accounting standards on public financial management in Nigeria. This can be crystallized into the following specific objectives:

1. To examine the effect of disclosure of information about the general government sector (IPSAS 22) on Nigeria public financial management

2. To determine the effect of segments reporting (IPSAS 18) on Nigeria public financial management.

3. To ascertain the effect of accounting for social benefits expenditure (IPSAS 42) on Nigeria public financial management.

4. To examine the effect of Financial Reporting in Hyperinflationary Economies on Nigeria public financial management.

1.4 Hypotheses of the Study.

Ho_1: Disclosures of information about the general government sector have no effect on Nigeria public financial management.

H_{O2}: The effect of Segment Reporting on Nigeria public financial management.

H_{03}: The effect of accounting for social benefits expenditure on Nigeria public financial management.

Ho_4: The effect of Financial Reporting in Hyperinflationary Economies on Nigeria public financial management.

2.0 Literature Review

2.1 Conceptual Framework

Public financial management (PFM) refers to the processes and methods with which the government organises, allocates, and oversees public resources. In the context of Nigeria's economic transformation, sound financial management practices are vital to the realisation of the new administration's policies.

Public financial management is also an arm of public sector which includes government ownership or control rather than mere function and thereby includes, for example, the exercise of public authority or the implementation of public policy. When pictured as concentric circles, the core public service in central and subnational government agencies defines the inner circle of the public sector. In this case, the distinction of the public sector from the private sector is relatively straightforward—it is evident in terms of employment relationships and the right of exercising public power. The next circle includes a number of different quasi-governmental agencies that are, however, placed outside the direct line of accountability within government (Omaliko, Onyeogubalu & Akwuobi, 2021).

Examples range from social security funds to regional development agencies. The outer circle is populated by state-owned enterprises, usually defined by the government's ownership or its owning the majority of shares. From the 1980s, a number of developed countries witnessed extensive privatizations of state-owned enterprises, whether in parts or in full (examples range from airlines to the telecom sector), although public ownership continues to be a widespread feature for example, in the field of local public transport.

The term "public financial management" commonly describes elements of an annual budget cycle, which typically centers around (1) budget formulation; (2) budget execution; (3) accounting and reporting; and (4) external security and audit. Public finance is the study of the role of the government in the economy. It is the branch of economics that assesses the government revenue and government expenditure of the public authorities and the adjustment of one or the other to achieve desirable effects and avoid undesirable ones.

2.1.1 IPSAS 10 Financial Reporting in Hyperinflationary Economies

This standard is about entity which prepares and presents financial statements under the accrual basis of accounting should apply this Standard to the primary financial statements, including the consolidated financial statements, of any entity that reports in the currency of a hyperinflationary economy. This Standard applies to all public sector entities other than Government

Business Enterprises

In a hyperinflationary economy, reporting of operating results and financial position in the local currency without restatement is not useful. Money loses purchasing power at such a rate that comparison of amounts from transactions and other events that have occurred at different times, even within the same reporting period, is misleading. This Standard does not establish an absolute rate at which hyperinflation is deemed to arise. It is a matter of judgment when restatement of financial statements in accordance with this Standard becomes necessary. Hyperinflation is indicated by characteristics of the economic environment of a country which include, but are not limited to, the following:

(a). The general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power;

(b). The general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency;

(c) Sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;

(d) Interest rates, wages and prices are linked to a price index; and

(e). The cumulative inflation rate over three years is approaching, or exceeds, 100%. It is preferable that all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date.

Nevertheless, this Standard applies to the financial statements of any entity from the beginning of the reporting period in which it identifies the existence of hyperinflation in the country in whose currency it reports. Functional currency is the currency of the primary economic environment in which the entity operates. The primary economic environment of an entity is normally the one in which it primarily generates and expends cash (cf. IPSAS 4.11). Presentation currency is the currency in which the financial statements are presented (cf. IPSAS 4.10). Monetary items are units of currency held and assets and liabilities to be received or paid in fixed or determinable number of units of currency (cf. IPSAS 4.10). Government Business Enterprises (GBEs) are required to comply with International Accounting Standards (IASs) issued by the International Accounting Standards Committee. The Public Sector Committee's Guideline No.1 Financial Reporting by Government Business Enterprises notes that IASs are relevant to all business enterprises, regardless of whether they are in the private or public sector. Accordingly, Guideline No.1 recommends that GBEs should present financial statements that conform, in all material respects, to IASs.

2.1.2 IPSAS 18 Segment Reporting.

The objective of this is to establish principles for reporting financial statements by segments for the States whose benefits are:

(a)Help users of the financial statements to better understand the entity's past performance, and to identify the resources allocated to support the major activities of the entity; and

(b)Enhance the transparency of financial reporting and enable the entity to better discharge its accountability obligations. An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in the presentation of segment information.

This Standard shall be applied in complete sets of published financial statements that comply with IPSASs. A complete set of financial statements includes a statement of financial position, statement of financial performance, cash flow statement, a statement showing changes in net assets/equity, and notes, as provided in IPSAS 1. If both consolidated financial statements of a government or other economic entity and the separate financial statements of the parent entity are presented together, segment information need to be presented only on the basis of the consolidated financial statements. In some jurisdictions, the consolidated financial statements of the government or other economic entity and the separate financial statements of the controlling entity are compiled and presented together in a single report. Where this occurs, the report that contains the government's or other controlling entity's consolidated financial statements needs to present segment information only for the consolidated financial statements.

The following term is used in this Standard with the meaning specified: A segment is a distinguishable activity or group of activities of an entity for which it is appropriate to separately report financial information for the purpose of (a) Evaluating the entity's past performance in achieving its objectives, and (b) Making decisions about the future allocation of resources.

2.1.3 IPSAS 22 Disclosures of information about the general government sector.

The objective of this standard is to prescribe disclosure requirements for governments elect to present information about the general government sector (GGS) in their consolidated financial statements. The disclosure of appropriate information about the GGS can enhance the transparency of financial reports, and provide for a better understanding of the relationship between the market and non-market activities of the public sector and between financial statements and statistical bases of financial reporting. Under the statistical bases of financial reporting, the public sector comprises the general government sector (GGS) and the public financial corporation sectors (PFCS) and the public non-financial corporation sector (PNFCS). The general government sector encompasses the central operations of government and typically includes all those residents non market, non-profit entities that have their operations funded by government and government entities.

2.1.4 IPSAS 42 Accounting for social benefits.

Social Benefits, provides guidance on accounting for social benefits expenditure. It defines social benefits as cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. Specific examples include state retirement benefits, disability benefits, income support and unemployment benefits. The new standard requires an entity to recognize an expense and a liability for the next social benefit payment. representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. IPSAS 42 seeks to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits

*To accomplish this, IPSAS 42 establishes principles and requirements for:
*Recognizing expenses and liabilities for social benefits;

*Measuring expenses and liabilities for social benefits;
*Presenting information about social benefits in the financial statements; and
*Determining what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the social benefits provided by the reporting.

2.2 Theoretical Framework

The theories that underpin this study are Stewardship and stakeholders' theory.

2.2.1 Stewardship Theory

Stewardship is a theory that managers left on their own will act as a responsible stewards of the assets they control. A steward is one who takes on the responsibility of caring for something on behalf of another person or group of people. Therefore, stewards do not have ownership of what they have responsibility to take care of, but must, nevertheless, carry out their duties conscientiously since they have to render account of what they have done to the principals. Stewardship theorists assume that given a choice between self-serving behavior and pro-organizational behavior, a steward will place higher value on cooperation than defection. Stewards are assumed to be collectivists, pro-organizational, and trustworthy.

In American politics, an example of the stewardship theory is where a president practices a governing style based on belief, they have the duty to do whatever is necessary in national interest, unless prohibited by the Constitution. The Stewardship approach is often associated with Theodore Roosevelt, who viewed the Presidency as a "Bully pulpit" of moral and political leadership. Principles of stewardship are responsibilities, ownership, accountability and rewards.

2.2.2 Stakeholders Theory

Stakeholder theory incorporated the accountability of management to a broad range of stakeholders. It states that managers in organizations have a network of relationships to serve and this includes the suppliers, employees and business partners. The theory focuses on managerial decision making and interests of all stakeholders have intrinsic value, and no sets of interests is assumed to dominate the others.

These two theories underpin this study because democracy is government of the people by the people and for the people. That means government cannot function without the people that elected them into that offices. In the same vein, the elected officials supposed to be held accountable of the country's economy likewise the Directors that heads ministries department and agencies likewise other government establishment.

2.3 Empirical Review

Dabor and Aggreh (2017) studied adoption of international public sector accounting bygovernment ministries and agencies in Nigeria. The objective of this study was to find out the prospects and challenges of adoptions of IPSAS by the Nigerian public sector. They found out that the adoption of IPSAS will increase the reliability of the reports prepared by Nigerian public sector. The findings also indicate that adoption of IPSAS will enhance better comparability of financial report among various State.

Udeh and Sopekan (2015) studied adoption of IPSAS and the quality of public sector financial reporting in Nigeria. Findings from the study showed that adoption of IPSAS would increase the level of reliance on the financial reporting of public sector organizations in Nigeria. In addition, it was also found that applying IPSAS to public sector financial reporting would make the results of financial reporting of public sector organizations comparable. It was concluded that IPSASs have the potential to give a better financial integrity assurance.

Alan and Susan (2007), assert that adopting uniform standards would provide a structure for preparing and presenting financial statements, ensuring that they are comprehensive and provide the same information to global users. Ijeoma and Oghoghomeh (2014) studied 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 the adoption of IPSAS in enhancing comparability and international best practices. The found that the adoption of IPSAS is expected to increase the level of accountability and transparency in public sector of Nigeria. The study further found that the adoption of IPSAS will enhance comparability and international best practices.

Alesani, Jensen and Steccolini (2012) explored the drivers and reasons for public sector organisations' accounting reforms. 2) Review and evaluate the adoption of IPSAS by WFP. 3)Analyse the accounting reform that happened at WFP. An exploratory case study has been done. - review of official documents, records of official speeches by people involved in the change, and participatory observations. WFP successfully achieved its intended accounting reform with the full implementation of IPSAS in 2008. -The change from UNSAS to IPSAS meant major changes to the information reported in WFP financial statements0

Johan (2015) studied the effect of IPSAS on reforming governmental financial reporting: an international comparison. The study reveals an important move to accrual accounting, particularly to IPSAS accrual accounting among European Countries. Obara and Nengih (2017) studied international public sector accounting standards (IPSAS) adoption and governmental financial reporting in Nigeria - An Empirical Investigation. They found out that IPSAS adoption will result in financial transparency/accountability, strengthened internal controls, boosts financial and resource stewardship and increased efficiency in decision making and good governance.

2.4 The Effects of IPSAS on Public Financial Management in Nigeria

Below are the effects of IPSAS adoption in the Nigeria financial management.
It will ensure timely record keeping and presentation.
It will ensure disclosure of accurate and sufficient reports and information.
It will ensure keeping of relevant information for all categories of officers.
It will engender uniformity and comparability of reports and information.
It will crub corruption, mismanagement, misappropriation of funds and embezzlement because the standards will tighten up the loopholes. Despite the numerous advantages of IPSAS, the rate of IPSAS adoption in Nigeria varies greatly. According to the study, improvement is still slower than desired. Adopting countries, especially Nigeria, have faced specific, complex, and consistent implementation challenges that must be overcome which are cost of running it, technological, environmental are further issues to consider in the transition towards successful full adoption of IPSAS.

3.0 Methodology.

This study adopted a cross sectional survey and a case study design in order to gain a detailed and rich understanding of the effect of IPSAS on the Public financial management in Nigeria.

3.1 Study Area.

This study was carried out in some South Eastern States of Nigeria that cut across Anambra, Enugu and Imo state. The institutions sampled were states and federal MDA'S. These states were used because what is applicable to one state and federal MDA'S is applicable to all.

3.2 Sampling Frame and Research Instruments

The instrument for data collection here is questionnaire and it is structured in line with the variables under study. The content and the validity were evaluated by Accountants and Auditors that normally audits the account. About 368 questionnaires were distributed, only 300 were correctly filled and returned, 20 were incompletely filled, 38were not returned and 10 were lost in transit. The respondents to the questionnaire were Accountants, Auditor's, administrative staff, university lecturers, and some non-public servants who are in business. The questionnaire survey was designed where respondents were asked to assess the effect of IPSAS adoption on Nigeria public financial management using Likert five point scale referred as: (1) To a Very High Extent (THE), (2) To a High Extent (HE), (3) Neutral (N), (4) To a Very Low Extent (TLE) and (5) To a Low Extent (LE). The collected data was transform to scale measurement using Likert five point scale and the hypotheses were statistically tested using Regression Model operated with

3.2 Model Specification and Justification

In line with the previous literature, the study designed a model to determine the effect of IPSAS Adoption on Nigeria Public Financial Management. The functional model for the study is shown below as thus:

PFM = F (DOI, SR, SBE, FRHE)
The explicit form of regression designed for the study is shown below as:

$$\mathbf{PFM = \beta_0 + \beta_1\, DOI + \beta_2\, SR + \beta_3\, SBE + \beta_4\, FRHE + \varepsilon}$$

Where:

PFM = Public Financial Management
DOI = Disclosure of Information
SR = Segment Reporting
SBE = Social Benefit Expenditure
FRHE = Financial Reporting in Hyperinflationary Economies
μ = Stochastic Term
$\beta_1 – \beta_4$ = Coefficient of Regression Equation
β_0 = Constant coefficient (intercept) of the model
Decision Rule: accept Ho if P-value > 5% significant level otherwise reject Ho

4.0: Data Analysis and Results

Table 1: Panel Least Squares Result on Effect of IPSAS Adoption on Nigeria Public Financial Management

Dependent Variable: PFM
Method: Panel Least Squares
Date: 03/15/24 Time: 15:16
Sample: 2024
Included observations: 7

Variable	Coefficient	Std. Error	t-Statistic	Prob.
DOI	590.2830	2.813836	1.877853	0.0216
FRHE	478.9214	127.5179	3.755720	0.0002
SR	0.588820	153.2702	3.853209	0.0002
SBE	1.439816	0.691286	2.082808	0.0036
C	115.4118	90.48032	1.275546	0.0300

R-squared	0.710510	Mean dependent var	1.200900
Adjusted R-squared	0.677327	S.D. dependent var	157.7639
S.E. of regression	147.7672	Akaike info criterion	12.94284
Sum squared resid	3810546.	Schwarz criterion	13.35513
Log likelihood	1269.284	Hannan-Quinn criter.	13.10969
F-statistic	4.335538	Durbin-Watson stat	2.091828
Prob(F-statistic)	0.000920		

Source: Result Output from E-Views 12 (2024).

The In table 1, R-squared and its adjusted R-squared values were (0.71) and (0.68) respectively. This is an indication that all the independent variables jointly explain about 71% of the systematic variations in public financial management (PFM) while 29% of the systematic variations are captured by the error term. The F-statistics 4.335538 and its P-value of (0.00) portrays the fact that the PFM regression model is well specified.

Test of Autocorrelation: Using Durbin Watson (DW) statistics which we obtained from our regression result in table 1, it is observed that DW statistic is 2.091828 which is approximately 2, agrees with the Durbin Watson rule of thumb. Showing that our data is free from autocorrelation problem and as such fit for the regression result to be interpreted and result relied on. Akika Info Criterion and Schwarz Criterion which are 12.94284 and 13.35513 respectively further strengthen the fitness of our regression result for reliability as they confirm the goodness of fit of the model specified. In addition to the above, the specific findings from each explanatory variable are provided as follows:

Test of Hypothesis One:

Disclosure of Information about the general government sector (DOI) and public financial management (PFM), based on the t-value of 1.877853 and P-value of 0.0216, in table 1 above, was found to have a positive influence on public financial management (PFM) and this influence is statistically significant at 5% level of significance as the P-value is within 5% significant level. This result, therefore suggests that we should accept the alternative hypothesis. This means that disclosure of information about the general government sector has significant impact on public financial management.

Test of Hypothesis Two:

Segment reporting (SR) and public financial management (PFM), based on the t-value of 3.853209 and P-value of 0.0002, in table 1 above, was found to have a positive influence on public financial management (PFM) and this influence is statistically significant at 1% since its P-value is within 0.0% significance level. This result, therefore suggests that we accept the alternative hypothesis. This means that segment reporting has significant effect on public financial management.

Test of Hypothesis Three:

Social benefit expenditure (SBE) and public financial management (PFM), based on the t-value of 2.082808 and P-value of 0.0036, in table 1 above, was found to have a positive influence on public financial management, although this influence is statistically significant since its P-value is less than 1% significant level. This result, therefore suggests that we accept the alternative hypothesis. This means that accounting for social benefit expenditure has significant effect on public financial management.

Test of Hypothesis Four:

Financial reporting in hyperinflationary economies (FRHE) and public financial management (PFM), based on the t-value of 3.755720 and P-value of 0.0002, in table 1 above, was found to have a positive influence on public financial management and this influence is statistically significant at 1% level of significance as the P-value is within 0.00 significance level. This result, therefore suggests that we should accept the alternative hypothesis. This means that financial reporting in hyperinflationary economies has significant effect on public financial management.

5.1 Conclusion and Recommendations

This study examined the effect IPSAS on public financial management in Nigeria: which includes the expectations, challenges and benefits of adoption of International Public Sector Accounting Standards in Nigeria. The study concludes that there is a positive effect of IPSAS adoption on public financial management in Nigeria. The study recommends that as Nigeria is entering a new dispensation, they should make stringent rules to ensure that all Federal government establishments and MDA'S across the 36 states of the federation have fully adopted IPSAS in their financial statements and records. Because so many things are expected from this newly elected officials will soon be sworn into office, which are to ensure even development in all sectors, to help ameliorate the rate of crime, insecurities, mismanagement, misappropriation and embezzlement of funds which IPSAS stands to fight. Public entities are expected to publish detailed and accurate financial reports in a timely fashion using widely accepted international standards such as those outlined in the International Public Sector Accounting Standards (IPSAS) to guide the ways in which management of public assets and liabilities is presented. This will promote openness, establish a means of accountability, and contribute to overall system stability.

References

Dabor, A.O. & Aggreh M. (2017). Adoption of international public sector accounting by government ministries and agencies in Nigeria. International Journal of Marketing and Financial management, 5(5), 52-65

Heald, D. (2003). The global revolution in government accounting. Public Money and Management (1), 11-12.

Hong Kong Society of Accountants. (2004). Corporate governance for public bodies: A basic framework. 3: 207-223.

Institute of Chartered Accountants-Ghana (ICA-Ghana). (2010). Public sector accounting. ICAG, Ghana.

John, C. (2011). IPSAS Adoption in Nigeria Step to Improved Accountability in the Nigeria Public Sector

Kara, E. (2012). Financial Analysis in public sector accounting. An example of EU, Greece and Turkey. Eur. J. Sci. Res., 69(1), 81–89.

Ngozi, N.B & Oghoghomeh, T. (2014). Adoption of International Public Sector Accounting Standards in Nigeria: Expectations, Benefits and Challenges. Journal of Investment and Management. 3 (1), 21-29

Nweze, A. U. (2013). Using IPSAS to drive public sector accounting. ICAN Journal Obarstandards in financial reporting by account officers in tertiary Institutions in South –East, Nigeria. European Journal of Education Studies, 6(6), 38 - 58

Oecon, N. M. (2010). Public Sector Accounting: Democratic control of public money by using administrative cameralistics. Retrieved from http://www.google.com.gh

Omaliko, E., Onyeogubalu, O., & Akwuobi, B. (2021). Resource management and accountability in the financial service sector; Evidence from listed selected deposit money banks in Nigeria. *European Journal of Business, Economics and Accountancy, 9*(2), 41-52

Omolehinwa, E. O., Naiyeju, J. K. (2012). An Overview of accounting in the Nigerian public sector. Int. J. Gov. Fin. Manage., 12(1), 10-20.

Onwubuariri, P. (2012). Improving Nigeria’s public sector accounting standards. Premium Times Nigeria. www.media. Premiumtimesng.com

Premium Times (2016). Nigeria audits 33 agencies, uncovers N450 billion unremitted revenue, [online article]<https://www.premiumtimesng.com/news/headlines/216854-nigeriaaudits-33-agencies-uncovers-n450-billion-unremitted-revenue.html>, accessed

Rose-Ackerman, S. (1999). Corruption and government: causes, consequences and reform, Cambridge University Press, Cambridge.

Stephen Emau, Mercy Nyangulu & Andy Wynne, Annual Financial Reporting by Governments – existing and practices in sub-Saharan Africa, African Capacity Building Foundation. (Harare, 2012) www.scribd.com/

Udeh F.and Sopekan S. (2015. Adoption of IPSAS and the quality of public sector financial reporting in Nigeria. Research Journal of Finance and Accounting, 16(20), 141 – 149

Ugwumadu, J. (2015). Nigeria to Start IPSAS implementation’, Public finance international [online article], <http://www.publicfinanceinternational.org/news/2015/08/nigeria\start-ipsas-implementation-january>, accessed 18 February, 2021

World Stage (2017). Nigeria: Accountant general, IPSAS Accrual-based accouna L.C & Nengih E. (2017). International public sector accounting standards