Effect of IPSAS Adoption as An Accountability Tool on Nigeria's Public Financial Management

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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 Abia State, and Ebonyi State as a reference point. Three 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 social-contract theory. Hence, data were collected using questionnaire survey administered to the Accountants, Auditor's, administrative staff, and some contractors to the state government who are in business. The empirical analysis of the study indicates that the presentation of financial statements information about the general government sector, cash flow statements, consolidated financial statement 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 in her 9th dispensation, they should make stringent rules to ensure that all Federal government establishments and MDA'S across the 36 states of the federation have full compliance of IPSAS in their financial statements and records because it ensures accountability and transparency. Which is needed this time around that the nation is encountering challenges to strengthen the polity and boost confidence amongst stakeholders in the country.

Key words: *IPSAS, Financial Statement Presentation, Cash Flow Statement, Consolidated Financial Statement, Public Financial Management.*

Introduction

IPSAS is a widely recognized accounting standard utilized for reporting in the public sector. Its primary objectives include promoting trade relationships, fostering bilateral connections, ensuring comparability of financial statements, improving the quality of financial reporting, and enhancing transparency and accountability in public financial management. The adoption of IPSAS was announced by the Nigerian government in 2010. Subsequently, in 2012, the NASB (Nigeria Accounting Standards Board) issued the initial set of Accounting Standards based on IPSAS. The country launched an IPSAS implementation roadmap in 2013, and in 2014, the federal government implemented IPSAS across federal ministries, departments, and agencies. In 2015, the Nigerian government established the IPSAS Implementation Committee to oversee the adoption process, which was solidified in 2016. It is worth noting that certain entities may have completed the implementation before or after these specified dates.

Nigeria, as a nation, is abundantly blessed with minerals and human resources. It is often referred to as "The giant of Africa” due to its substantial population, economic prowess, expansive geographical territory, rich cultural and political influences, vast natural resources, diverse economy, strategic positioning, profound history and heritage, as well as its significant impact and contributions to the continent. Despite these remarkable attributes, the country portrays a facade of prosperity in its economic and public financial management, evident through increased embezzlement, security challenges, high unemployment rates, lack of transparency among public officials, ineffective public bureaucracy, fraudulent practices, and labor disputes. All these issues are directly linked to inadequate public financial management. Public financial management, which embodies the aspirations of the general populace, plays a pivotal role in fostering transparency, ensuring accountability, facilitating the efficient allocation of resources, mitigating poverty, enhancing public services, fostering trust, stimulating economic growth, and promoting social justice. Public finance management, which embodies the aspirations of the general populace, plays a crucial role in promoting transparency, ensuring accountability, facilitating the efficient allocation of resources, alleviating poverty, enhancing public services, fostering trust, driving economic growth, and advancing social justice. However, the current state of affairs is far from satisfactory due to the existing loopholes in the system, leading to citizens not reaping the full benefits of their contributions through taxes to the government. Nigeria in this current era of President Tinubu's administration, where numerous policies and reforms have been implemented to restructure the economy in both the short and long term, aims to rectify past inadequacies and alleviate the hardships of its people, including poverty, hunger, underdevelopment, and lack of proper infrastructure. It is within this context that this research emerges to examine the impact of IPSAS adoption as an accountability tool on public financial management in Nigeria and the ways in which such adoption could contribute to the cultivation of a more transparent society where the interests and welfare of the citizens would be addressed.

Statements of Problem

The escalating prevalence of hunger in society has led to a significant number of children being deprived of education, subsequently resulting in their engagement in disruptive activities. Many of these children are vulnerable to recruitment and training for terrorist activities, thereby causing unrest in the community. Furthermore, the increasing unemployment rates can be attributed to inadequate infrastructural development and the absence of essential social amenities, all of which contribute to the poor management of public finances.

A notable hindrance encountered in the execution of IPSAS in Nigeria is the insufficient training provided to public sector employees. Many individuals responsible for financial reporting may lack the necessary expertise or understanding of the intricate standards outlined in IPSAS. The Nigerian federal government fully implemented IPSAS in January 2016 (Ugwumadu, 2015).

Despite efforts to enhance transparency and accountability through IPSAS adoption, corruption and fraud remain prevalent issues in Nigeria's public financial management. Instances of embezzlement and misappropriation of funds continue to undermine the effectiveness of financial reporting standards.

This policy decision holds immense potential to reshape the nation's economic trajectory and set it on a path towards sustainable growth and development. Essential to the success of this endeavor is effective public financial management. In the year 2024, amidst economic challenges, there is a call for the government to ensure transparency in every sector of the economy and establish stringent rules to ensure compliance with the reforms (Ajuonu &Ezeala, 2024). It is against this backdrop that this study emerges to examine the impact of IPSAS adoption as an accountability tool on Nigeria's public financial management and strategies to address the issues of corruption, misappropriation, and embezzlement that are deeply ingrained in the country's fabric, aiming to salvage the economy from decline and collapse.

The primary aim of the study is to explore the ramifications of IPSAS adoption as a mechanism for ensuring accountability in Nigeria's public financial management. The specific objectives are delineated as follows:

- Evaluating the impact of financial statements presentation (IPSAS 1) as an Accountability Tool on Nigeria's public financial management.
- Examining the influence of cash flow statement utilization (IPSAS 2) as an accountability tool in Nigeria's Public financial management.
- Evaluating the impact of Consolidated Financial Statements as an accountability tool in Nigeria's Public Financial Management.

The following research questions were raised

*Does the presentation of financial statements (IPSAS 1) as an Accountability Tool significantly affect Nigeria's public financial management?

*Can the presentation of cash flow statements (IPSAS 2) as an Accountability Tool have a measurable impact on Nigeria's public financial management?

*To what extent does the usage of consolidated financial statements (IPSAS 6) as an accountability tool influence public financial management in Nigeria?

The following research hypotheses were formulated in alignment with the study's objectives:

- H01: The adoption of presentation of financial statements (IPSAS 1) does not yield a significant effect on Nigeria's public financial management.
- H02: The adoption of Presentation of cash flow statement (IPSAS 2) does not exert a significant influence on Nigeria's public financial management.
- H03: The adoption of presentation of consolidated financial statements (IPSAS 6) does not result in a significant effect on Nigeria's public financial management.

Conceptual Framework

IPSAS (International Public Sector Accounting Standards) are a set of accounting standards developed for utilization by public sector entities, such as governments, government agencies, and non-profit organizations. IPSAS are issued by the International Public Sector Accounting Standards Board (IPSASB), which is an autonomous standard-setting body. IPSAS are structured to enhance the quality and transparency of financial reporting in the public sector, by furnishing a consistent and comparable framework for accounting and financial reporting. IPSAS are grounded on the International Financial Reporting Standards (IFRS) utilized in the private sector, albeit adjusted to reflect the distinctive characteristics and requirements of the public sector. Some fundamental aspects of IPSAS encompass: Accrual accounting: IPSAS mandates public sector entities to adopt accrual accounting, which acknowledges revenues and expenses when they are earned or incurred, irrespective of when cash is received or disbursed.

Financial statements: IPSAS necessitates public sector entities to formulate financial statements, encompassing a statement of financial position, statement of financial performance, and cash flow statement.

Disclosure requirements: IPSAS mandates public sector entities to disclose specific information, such as accounting policies, significant transactions, and commitments.

Asset valuation: IPSAS offers guidance on the valuation of assets, such as property, plant, and equipment, and intangible assets.

Revenue recognition: IPSAS provides guidance on revenue recognition, encompassing the recognition of taxes, grants, and other revenue sources. The adoption of IPSAS can yield various advantages to public sector entities, including: Improved transparency and accountability, Enhanced decision-making, Augmented comparability, Enhanced credibility, and Refined management of public resources.

IPSAS 1

IPSAS 1 is the inaugural standard in the International Public Sector Accounting Standards (IPSAS) series, titled "Presentation of Financial Statements."It delineates the guidelines for preparing and presenting financial statements in the public sector. Here are some pivotal aspects of IPSAS 1:Whose purpose is to ensure that financial statements are presented in a fair, consistent, and transparent manner and is applicable to all types of public sector entities, including governments, government agencies, and non-profit organizations. And it's financial statements mandates the preparation of at least two primary financial statements: Statement of Financial Position (Balance Sheet) and Statement of Financial Performance (Income Statement) and requires conspicuous identification of the entity, the reporting period, and the currency utilized in the financial statements.

Comparative information: Calls for the presentation of comparative information for the preceding period. Consistency: Demands consistency in presentation and classification of items in the financial statements. Materiality: Mandates disclosure of material items and aggregation of immaterial items.

Offsetting: Prohibits offsetting of assets and liabilities, except in particular circumstances.

Disclosure: Demands extensive disclosures to provide a comprehensive understanding of the entity's financial position and performance. IPSAS 1 furnishes a groundwork for the preparation and presentation of financial statements in the public sector, fostering transparency, accountability, and comparability.

IPSAS 2

IPSAS 2 is the subsequent standard in the International Public Sector Accounting Standards (IPSAS) series, titled "Cash Flow Statements."It offers guidelines for preparing and presenting cash flow statements in the public sector. Here are some crucial aspects of IPSAS 2:

Purpose: To ensure that cash flow statements are presented in a manner that provides lucid and consistent information about an entity's cash flows.

Scope: Applicable to all types of public sector entities, including governments, government agencies, and non-profit organizations.

Cash flow statements: Requires the preparation of a cash flow statement that delineates: Cash flows from operating activities, Cash flows from investing activities, Cash flows from financing activities. Classification: Demands classification of cash flows into the three categories above.

Disclosure: Calls for disclosure of: Major sources and uses of cash, Cash and cash equivalents Restrictions on cash and cash equivalents

Presentation: Requires presentation of the cash flow statement in a manner that reconciles beginning and ending cash and cash equivalents.

Consistency: Necessitates consistency in presentation and classification of cash flows.

IPSAS 2 endeavors to provide a comprehensive depiction of an entity's cash flows, enabling users to evaluate its capacity to generate cash, settle its debts, and finance its operations. Some of the benefits of IPSAS 2 include: Improved transparency, Enhanced accountability, Better decision-making, Increased comparability. By embracing IPSAS 2, public sector entities can furnish stakeholders with a clearer comprehension of their cash flow activities, leading to more informed decision-making and enhanced resource allocation.

IPSAS 6

IPSAS 6 is the sixth standard in the International Public Sector Accounting Standards (IPSAS) series, titled "Consolidated Financial Statements."It provides guidelines for preparing and presenting consolidated financial statements in the public sector. Here are some critical aspects of IPSAS 6:

Purpose: To ensure that consolidated financial statements are presented in a manner that offers a comprehensive view of the financial position and performance of a group of entities.

Scope: Applicable to public sector entities that exert control over one or more other entities.

Consolidation: Mandates the preparation of consolidated financial statements that amalgamate the financial statements of the controlling entity and its controlled entities.

Control: Defines control as the authority to govern the financial and operating policies of another entity.

Consolidation principles: Sets forth principles for consolidating financial statements, encompassing: Full consolidation, Proportionate consolidation, and Equity method.

Disclosure: Calls for disclosure of: The consolidated financial statement, The list of controlled entities, The nature of the relationship between the entities. IPSAS 6 aims to provide a comprehensive view of the financial position and performance of a group of entities, enabling users to assess the financial position and performance of the group as a whole. Some of the benefits of IPSAS 6 include: Enhanced transparency, Augmented accountability, Improved decision-making, Increased comparability. By embracing IPSAS 6, public sector entities can furnish stakeholders with a clearer understanding of the financial position and performance of the group, leading to more informed decision-making and refined resource allocation.

Accountability

Accountability has been variously defined by authors. For instance, Adegite (2010), Toluyemi et al. (2016), Nzewi and Enuenwemba (2020) described it as the obligations that anyone holding a position of trust and care has to give appropriate answer or reply to all stakeholders for actions and level of achievement in the performance of his duties. Other authors saw it as being answerable and responsible to another party on level of achievements of objectives of programmes and activities (Otuya & Ovuakporaye 2020; Ogbuagu & Onuora 2019). Similarly, it is seen as the requirement to record and explain the use of resources given for a particular purpose. It is also described as ensuring that programmes are implemented according to schedule programme objectives. Accountability is seen as a means by which achieved programme benefits reach the target groups and funds provided are used for intended purposes (IFAC 2017b, Atuilik & Salia 2019; Nzewi & Enuenwemba 2020

The authors refers accountability as the obligation of individuals, organizations, or government entities to elucidate, justify, and assume responsibility for their actions, decisions, and policies. It encompasses being answerable to others for one's performance, behavior, and outcomes. Accountability is the acknowledgment of and assumption of responsibility for actions, products, decisions, and policies such administrations, governance, and implementation, including the obligation to report, justify, and be answerable for resulting consequences. In governance, accountability has expanded beyond the basic definition of "being called to account for one's actions."It is frequently described as an account-giving relationship between individuals, e.g. "A is accountable to B when A is obliged to inform B about A's (past or future) actions and decisions, to justify them, and to suffer punishment in the case of eventual misconduct."Accountability is an assurance that an individual or organization is evaluated on its performance or behavior related to something for which it is responsible. The term is related to responsibility but is regarded more from the perspective of oversight. The term “accountability” refers to the acceptance of responsibility for honest and ethical conduct toward others. In the corporate world, a company’s accountability extends to its shareholders, employees, and the wider community in which it operates. In a wider sense, accountability implies a willingness to be judged on performance. Accountability promotes transparency, trust, and good governance by ensuring that individuals and organizations are held responsible for their actions and are accountable to those affected by their decisions. Key elements of accountability include:

Transparency: Openly sharing information and actions.

Responsibility: Taking ownership of actions and decisions.

Answerability: Providing explanations and justifications.

Consequences: Facing penalties or sanctions for poor performance or wrongdoing.

Enforcement: Having mechanisms in place to ensure accountability is upheld.

Accountability is essential in various contexts, including:

Government: Ensuring officials and institutions are accountable to citizens.

Organizations: Holding leaders and employees accountable for performance and actions.

Finance: Ensuring accountability in financial reporting and management.

Healthcare: Ensuring accountability in patient care and medical practices. Benefits of accountability include: Builds trust, Promotes good governance, Encourages transparency, Improves performance, Supports learning and growth. In summary, accountability is about being responsible and answerable for one's actions, decisions, and policies, and is essential for building trust, promoting good governance, and ensuring transparency and accountability in various contexts.

*Relationship between IPSAS, Accountability and Public Financial Management IPSAS (International Public Sector Accounting Standards) plays a crucial role in enhancing accountability in public financial management. Here are some ways IPSAS contributes to accountability:

Transparency: IPSAS promotes transparency by requiring comprehensive financial reporting, which enables stakeholders to access accurate and reliable financial information.

Accountability for resources: IPSAS ensures that public sector entities account for the resources entrusted to them, including funds, assets, and liabilities.

Financial discipline: IPSAS promotes financial discipline by requiring entities to prepare accurate budgets, track expenses, and report on financial performance.

Performance measurement: IPSAS enables the measurement of financial performance, which helps assess the effectiveness and efficiency of public sector entities.

Comparability: IPSAS facilitates comparability across entities and countries, enabling benchmarking and identification of best practices.

Stewardship: IPSAS emphasizes the importance of stewardship, ensuring that public sector entities manage resources in a responsible and sustainable manner.

Governance: IPSAS supports good governance by providing a framework for financial reporting, which helps hold public sector entities accountable for their actions.

Risk management: IPSAS requires entities to disclose risks and uncertainties, promoting proactive risk management and mitigation strategies.

Value for money: IPSAS helps ensure that public sector entities achieve value for money by requiring them to account for the economy, efficiency, and effectiveness of their operations.

Public trust: IPSAS contributes to building public trust by demonstrating accountability, transparency, and responsible financial management practices in the public sector. By adopting IPSAS, public sector entities can enhance accountability, transparency, and financial management, ultimately leading to better decision-making, improved governance, and increased public trust.

Public Financial Management

According to transparency International Public financial management (PFM) is a central element of a functioning administration, underlying all government activities. It encompasses the mechanisms through which public resources are collected, allocated, spent and accounted for. As such, PFM processes comprise the whole budget cycle, public procurement, audit practices and revenue collection. Sound, transparent and accountable public financial management is a key pillar of governance reform and of vital importance to provide public services of good quality to citizens, as well as to create and maintain fair and sustainable economic and social conditions in a country.

Public financial management focuses on economic and governance reform programmes of developing and transitional economies, using principles of fiscal discipline, legitimacy, predictability, transparency and accountability to reform and strengthen public finances.

Theoretical Framework of IPSAS

There are numerous theories within IPSAS that contribute to a deeper comprehension of the subject matter, such as Agency Theory, Stewardship Theory, Legitimacy Theory, Asset and Liability Theory, and Accrual Accounting Theory, among others. However, this study primarily focuses on Stewardship Theory and Social Contract Theory. Stewardship Theory and Social Contract Theory are centered around the principles of accountability and efficient resource management for the benefit of the public.

Stewardship Theory

Stewardship in the public sector refers to the responsible management and oversight of public resources, programs, and services to ensure they are used efficiently, effectively, and in the best interests of the public. It involves a commitment to accountability, transparency, and ethical decision-making .

Key elements of stewardship in the public sector:

Accountability: Taking responsibility for actions and decisions, Transparency: Openly sharing information and processes.

Efficiency: Managing resources to achieve maximum value.

Effectiveness: Achieving intended goals and outcomes.

Ethics: Upholding moral principles and standards.

Responsibility: Embracing a sense of duty to the public.

Sustainability: Ensuring long-term viability and impact.

Inclusivity: Engaging diverse stakeholders and perspectives.

Innovation: Embracing new ideas and approaches.

Collaboration: Working across boundaries and sectors.

Stewardship in the public sector is essential for building trust, promoting good governance, and ensuring that public resources are used to benefit society as a whole. The Stewardship Theory in the public sector has been propounded by several scholars, but some notable ones include:

Williamson (1985): Williamson's work on stewardship theory in the public sector emphasized the importance of accountability, transparency, and responsibility in government agencies.

Moe (1984): Moe's research focused on the role of stewardship in public administration, highlighting the need for public managers to act as responsible stewards of public resources.

Aucoin (1990): Aucoin's work explored the concept of stewardship in the context of public sector reform, emphasizing the importance of accountability, efficiency, and effectiveness. These scholars, among others, have contributed to the development of Stewardship Theory in the public sector, highlighting the importance of responsible management, accountability, and transparency in government agencies.

Social Contract Theory

Social contract, in political philosophy, an actual or hypothetical compact, or agreement, between the ruled or between the ruled and their rulers, defining the rights and duties of each. In primeval times, according to the theory, individuals were born into an anarchic state of nature, which was happy or unhappy according to the particular version of the theory. They then, by exercising natural reason, formed a society (and a government) by means of a social contract

Social contract theory is rightly associated with modern moral and political theory and is given its first full exposition and defense by Thomas Hobbes. After Hobbes, John Locke and Jean-Jacques Rousseau are the best known proponents of this enormously influential theory, which has been one of the most dominant theories within moral and political theory throughout the history of the modern West.

Social Contract Theory (SCT) is a philosophical framework that explains the relationship between individuals and their government. It suggests that individuals voluntarily give up some of their natural rights to a governing authority in exchange for protection, security, and social order.

In this context, the government and the citizens are responsible for keeping the economy afloat.

EMPIRICAL REVIEW

Egolum and Ndum (2021) investigated the effect of international public sector accounting standards (IPSAS) on financial reporting quality of Anambra State public sector. The analysis work used a survey research design and primary data obtained from 127 employees of one of the ministries in the state of Anambra. Descriptive statistics and Chi square statistical tool were utilized. It was found out that the adoption of international public sector accounting standards encourages accountability, enhances transparency, and reduces corruption among public officials in the state.

Ezekwere and Onuora (2021) looked into how the extent of International public sector accounting standards application affected accountability and transparency in Anambra State. Survey research design was utilized to gather data through primary source, while internal audit, accounting department, and finance department serve as the population of the study. Descriptive statistics and analysis of variance (ANOVA) were used to assess the hypotheses that were developed. According to the survey, MDAs in the state of Anambra have heavily utilized IPSAS for reporting financial information.

Ademola, et al (2020) investigated the relationship between the adoption of IPSAS and the standard of financial reports in South West Nigeria. The effect on integrity and comparability of the financial statements of the IPSAS adoption was explicitly examined. Factor analysis and gamma statistics by Goodman and Kruskal have been used to analyze primary data obtained from hundred and eighty accounting officers in South West, Nigeria. The empirical results revealed positive relationship between IPSAS adoption and financial reporting consistency, credibility and comparability exist. The results from this study clearly reflects the important effects of IPSAS implementation on the costs of implementation, training of staff, technology factor, IPSAS knowledge, awareness, and expertise available.

Nzewi and Enuenwemba (2020) evaluated the impact of IPSAS on the Delta State ministry of finance. One hundred eighty-five (185) participants from Delta State Ministries, Departments, and Agencies (MDAs) were selected for the survey research design. Regression analysis was used to assess the data collected from the main source. The adoption of international public sector accounting standards was found to boost the efficiency and accountability of public employees.

Ofoegbu, (2014) studied the new public management and accrual accounting basis for transparency and accountability in the Nigerian public sector which aimed at ascertaining the experts' perception on the implementation accrual basis of IPSASs of accounting in achieving accountability and improved quality of government financial reporting; a comparative analysis of the existing cash accounting and IPSAS Based Accounting Reporting. The study was aimed at examining the cost benefits of IPSAS adoption in Zimbabwe by way of comparing the existing cash accounting basis with the proposed IPSAS based accounting reporting. The study adopted a well qualitative method of reviewing and analyzing of relevant discourse, publications, and documentary materials from some professional accounting organizations. Findings shown that IPSAS adoption enhances and improves the quality of public sector financial information, assets managements and the level of accountabilities of government reporting; thereby increasing the confidence of both domestic and foreign donor organizations to make financial assistance available for public sector entities.

Shehu, and Adamu (2014), explored the challenges of first time adopters of International Public Sector Accounting Standards (IPSAS) in Nigeria. Their research was more of qualitative review of the Pre-IPSAS adoption. Their findings revealed that, first time adopter will be expecting to comply with the requirement of the standard when switching to IPSAS. Also the challenges include it is time consuming as well as resources need to be provided in order to carry out seminar and workshops for those who dealt with financial matters of an organization.

Nkwagu, Uguru and Nkwede (2016), examined the implications of international public sector accounting standards on financial accountability in the Nigerian public sector: Their study adopted survey design and administered questionnaires on a sample of 314 out of 1458 Accountants and Internal Auditors in the ministries of finances of South Eastern states of Nigeria. The data was analyzed using descriptive statistics. Hypotheses formulated were tested using one-way ANOVA model via Prism GraghPad at 5% level of significance. Their Findings unveil that IPSASs adoption enhances accountability in the Nigerian public sector as the standards pave way for improved management of public funds. It further showed that application of IPSASs paves way for effective budget implementation and checks for possible cases of corruption in the Nigerian public sector.

Ademola, Adegoke, and Oyeleye, (2017), evaluated the impact of International Public Sector Accounting Standard(IPSAS) on the financial accountability of selected local governments of Oyo State, Nigeria. Their study which adopted survey design collected data using five point likert-scale questionnaires which was administered on sample of 105 Accountants and Internal Auditors in some selected local governments of Oyo State Nigeria. The data was analyzed using descriptive statistics. The hypotheses formulated were tested using chi-square analysis at 5% level of significance. The result of the study showed that adoption of IPSAS increases the level of accountability, transparency and reduces corruption in the selected local governments available.

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Oyewobi and Salawu (2019) examined the adoption of IPSASs as well as the financial report quality in Lagos State. All of the public sector employees in the State of Lagos were included in the research work, which made use of an important data source. Using a stratified random sampling technique, 291 out of 300 public sector accountants and auditors were selected as the sample size. Pair T-test was used to determine that the quality of financial reports in Lagos State has been significantly impacted by the introduction of IPSASs. Brusca el ta. (2016) researched on Spanish adoption of the International Public Sector Accounting Standard. The authors discovered that political necessity, systems of government based on code law, and pressure from organizations like the EU, World Bank, and IMF helped IPSAS become legitimate in Spain.

Opaniyi (2016) looked into how the introduction of International Public Sector Accounting Standards influenced how financial reports met the requirements for being useful in making decisions. Secondary sources of data collected for the study gathered from 19 Kenyan national government ministries. The study's analysis used descriptive statistics and a t-test for differences. The author also discovered that the quality of financial reports in Kenya's public sector is deemed to be moderately affected by the use of IPSAS.

Efuntade (2019) evaluated the adoption of International Public Sector Accounting Standards (IPSAS) in Ekiti State, Nigeria. A descriptive survey research design was used for the investigation. A sample size of 50 employees was chosen at random from the complete staff of the Ekiti State Accountant General's Office. Simple regression and descriptive statistics were used to evaluate the data obtained from the respondents in order to find a substantial impact of IPSAS on the public sector financial management in the Nigerian public sector

Methodology

Umuahia the capital of Abia State was the location of this study. The study utilized a survey research design because it allowed for systematic data collection from a specific population using questionnaire for inference and conclusion-making. The population for this study consists of employees from the Ministry of Budgeting and Physical Planning, the Office of the Accountant-General, the Office of the Auditor-General for Abia State, and the Office of the Auditor-General for Local Government, Abia State. Therefore, the 310 employees of the aforementioned government agencies make up the targeted population. Taro Yamane was used to calculate the sample size, which came to 175 respondents. Stratified and simple random sampling techniques were applied.

To obtain the respondents' opinions, a questionnaire was provided. This is formulated on a 5-point Likert scale of strongly agree, agree, undecided, disagree, and strongly disagree. This is done in order to gauge the respondents' feelings and perceptions' level of intensity. The questionnaire was closely examined by professionals to look for any non-technical problems in order to verify that the research instruments are validated. A pre-test approach of the Cronbach alpha coefficient test was used to gauge the instruments' internal consistency in order to guarantee the instrument's dependability. The instrument has a good reliability standard, as shown by the coefficient of being between 0.70 and 0.91Both descriptive and inferential statistical techniques were employed to analyze the data.

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

Model Specification

PFM = F (FSP,CFS,CFS)

The explicit form of regression designed for the study is shown below as: PFM = $\beta 0 + \beta 1 + \beta 2$ FSP+ $\beta 3$ CFS + $\beta 4$ CFS + ε

Where:

PFM = Public Financial Management

FSP= Financial Statements Presentation

CFS = Cash Flow Statements

CFS= Consolidated Financial Statements

μ = Stochastic Term

$\beta 1 - \beta 3$ = Coefficient of Regression Equation

$\beta 0$ = Constant coefficient (intercept) of the model

Decision Rule: accept Ho if P-value > 5% significant level otherwise reject Ho

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: 15:16Sample: 2024

Included observations: 7

Variable	Coefficient	Std error	t statistics	Probability
FSP	590.2830	2.81386	1.877853	0.0216
CFS	478.9214	127.5179	3.755720	0.0002
CFS	0.588820	153.2702	3.853209	0.0002
C	115.4118	90.48032	1.275546	0.0300

R square	0.710510	Mean dependent var	1.200900
Adjusted R-squared	0.677327	S.D dependent var	157.7639
SE of regression	147.7672	Akaike info Criterion	12.94284
Sum square resid	3810546	Schwarz Criterion	13.35513
Log likeli	1269.284	Hanna Quinn Criterion	13.10969
F Statistics	4.335438	Durbin Watson stat	2.091828
Prob(F-Statistics)	0.000920		

Source Results output from E-views 12(2024)

The table 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 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 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:

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Test of Hypothesis One:

Financial Statements Presentation (FSP) 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:

Cash flow statement (CFS) 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:

Consolidated financial statements(CFS) and public financial management (PFM), based on the tvalue 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

5.1 Conclusion and Recommendations

This study examined the effect IPSAS adoption as an accountability tool 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 as accountability tool 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 full compliance of IPSAS in their financial statements and records. Because it ensures accountability and transparency which is needed this time around that the nation is confronted with challenges to strengthen the polity and boost confidence amongst stakeholders and the world at large.

Full compliance will ensure accountability and 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.

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