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Implementation of Ipsas Accrual Basis Elements and Financial Reporting Quality: Application of Grassroot Analyses

Ugwu, Ikechukwu Virginus Ph.D[1]; Eboatu Ikenna[2]; Nwoko, Cyprain N. J[3]

[1 & 2.] Department of Accountancy Chukwuemeka Odumegwu Ojukwu University (COOU), Igbariam Anambra State, Nigeria, Gmail: **virginusugwu418@gmail.co**m

[3.] Department of Banking and Finance, Madonna University, Nigeria

Abstract: *This studied investigated the implementation of IPSAS accrual basis elements (Assets, Liability, Net assets/Equity, Revenue/Expenses) on financial reporting quality FRQ in Nigeria. Area of study considered the three tiers of government (Federal, State, Local government) within the public sector in Enugu State. Our methodology applied grass roots opinion (primary questionnaire) survey design with a focus on 376 sample size that was determined using Slovin's formula on estimated population. The instrument sort the respondents (accountants and auditors) view on the implementations of IPSAS accrual basis elements on FRQ. Analyses employed: Descriptive Statistics, Pearson Correlation Matrix, Ordinary Least Square (OLS) Regression and other Diagnostics Tests. Findings support the a priori expectations that New Public Management NPM theory states that proper public sector management improves its FRQ. Overall findings: indicated that all the independent components explain about77% systematic variation in the dependent variable; the balances are attributable to other factors outside the scope of this study. Other specific findings show that IPSAS accrual basis reporting on: (assets); (Liabilities) and (Revenues/Expenses) are positive and significant; while reporting on Net Asset/Equity is negative and insignificant on FRQ in Nigeria. We recommend that governments should ensure that: Federal, State and Local government; fully adopt IPSAS Accrual Basis Elements. We contribute with the model applied for this study, and the composite significant impacts of the elements of IPSAS Accrual variables applied. Implications of the study findings are that the scope covered three tiers of government within Enugu State; thus care must be taken in generalizing the result in other sectors elsewhere and outside Nigeria.*

Keywords: IPSAS Accrual Basis Elements, Public Sector, Financial Reporting Quality, Implementation

1:0 Introductions

1.1 Background to the Study

Globally, there is a perception, zeal for proper public financial control, fiscal prudence such that ensures articulated governance, all round accountability, and transparency awareness driven concern for both developed and developing countries. There is an apprehension to establish some set of standards of financial reporting system in various countries and a set of uniformity as regards standard to guide financial reports for world-wide application. This clarion call has given birth to several reforms and institutions of International Public Sector Accounting Standards IPSAS by IFAC. It has been established to promote the application of IPSAS for public sector entities all over the world. IPSAS has been enacted to foresee to the development of an efficient and proper public sector accounting and reporting format nations to adopt and use them to checkmate and guide all the government's revenues and expenditures (IPSAS, 2011).

The importance of the adoption of a unified world government accounting standard is the focus and the pivot that drive International Public Sector Accounting Standard Board IPSASB to adapt IFRS to correspond to Public Sector context as it deems appropriate. The standard is has been recognized as International Public Sector Accounting Standard (IPSAS) that regulates public sector/government financial reporting. In extracting that process, IPSASB has attempted, wherever necessary, to keep to the rules of the accounting format and the main content of the IFRS, or otherwise there is a public sector issue that guarantees a shift from the standard. IPSAS in Nigeria was adapted in 2016 and has to be in agreement with the accounting treatment of Nigeria Accounting Standard Board NASB and also in the context of International Financial Reporting Standards IFRS unless there is an evident of significant departure in public sector necessitate a departure, (Ugwu, 2020).

As regards this, Adoagye, (2012) insisted that "IPSAS are high quality global reporting standards for application by public sector entities other than business enterprises and being issued by IPSASB which is formerly known and called Public Sector committee". In a study by John, (2011), IPSASB has 18 members that are appointed by the members of IF AC; and 3 are appointed as public members that are appointed by any individuals or organization.

Chan, (2008) and Carlin, (2005) asserted that IPSAS establishment turned to a very necessary part of public sector reformation and has become a pivot of the global revolution in government accounting and urgent answer to the desires of many for better and greater government financial transparency and accountability. In other words, according to (Chan, 2008) IPSAS have become international measurement for evaluating government accounting practice worldwide.

1.2 Statement of the Problem

Years in the past, accounting for government activities and reporting system has anchored on cash basis of accounting. This kind of public sector reporting on cash basis has brought setbacks that have affected government growth in the manner of its financial transactions, transparency and poor budget implementation systems and mismanagement of government fund. The major limitation of the application of cash basis of accounting is the problems of the matching concept in the form of corresponding expenses with the revenue' generated. As a result, generated income statement and reported statement of financial position are not showing a true and fair view or depict the actual picture of business for the period in consideration. Thus the report does not guarantee that the transaction position ensure that all expenses are written against specific revenues. So cash basis does no ensure that expenses recorded have been incurred for generating the revenue reported. This former method of government accounting reporting has brought about poor budgetary systems and implementation. Because of these there is every necessity to consider the relationship between public sector budgeting and cash basis of accounting. By this development, IPSAS accrual basis adoption has emerged to ascertain if it will remedy this anomaly in reporting government accounting quality. However, we go further to see how this adoption implementation impacts on financial reporting quality in Nigeria, using the three tiers of government, federal, state and local government.

Some literatures have shown concern in the implementation of IPSASs as are found in (Atuilik, Adafula & Asare, 2016; Tikk, 2010 and Tickell, 2010). Also, Ijeoma and Oghoghomeh (2014); Aboagye and. Nurunnabi (2012) showed that implementation of IPSASs is the problem of Sociological factors. Omolehinwa and Naiyeju (2015) and Hamisi (2012) indicated that cost appears to be the major problem of implementation of IPSAS. While, Labode (2014) contended that some adopt the standard wholesomely; while others adopt and modify the standard; while Chan (2008) said that the adoption of IPSAS is expensive in all material respect and that the benefits do not justify the cost of its implementation. This study has observed from most of these studies on IPSAS; the arguments were centered on adoption, culture, problems, sociological factors, cost of implementation, partly adoption, modifying the standards, too expensive etc. Not much argument and study have been made on the IPSAS accrual basis elements and its implementations

Our study here basically is anchored on the implementation of IPSAS Accrual Basis Elements Or to determine whether it ensures adequate and holistic reporting of government financial transaction and proper financial reporting position in Nigeria perspective. This study tends to using grass-root analyses method. The study thus considered the elements recognized under accrual accounting basis such as: assets, liabilities, net assets/equity, revenue and expenses.

1.3 Objective of the Study

The main objective is to determine the implementation of IPSAS accrual basis elements on financial reporting quality in Nigeria. Other specific objectives are to determine the:

1. Impact of IPSAS Accrual basis (Asset);
2. (Liabilities);
3. Net Assets/Equity; and
4. (Revenue/Expenses) on financial reporting quality in Nigeria

1.4 Research Question

1. How does IPSAS Accrual Basis (Asset);
2. (Liabilities);
3. (Net Asset/Equity); and
4. (Revenue/Expenses) impact on financial reporting quality in Nigeria

1.5 Research Hypotheses

1. Implement of IPSAS Accrual Basis: (Asset);
2. (Liabilities);
3. (Net Asset/Equity); and
4. (Revenues/Expenses) does not impact on financial reporting quality in Nigeria.

1.6 Significance of the Study

The findings of the study will be of immense significance to Federal, state and local governments and the public who will appreciate the gains of full disclosure requirements of IPSAS Accrual Basis Elements.

2.0 Review of Related Literature

2.1 Conceptual Framework

2.1.1 International Public Sector Accounting Standard (IPSAS)

In Nigeria, the Federal Executive Council of Nigeria authorized IPSAS adoption in July, 2010 and it became fully adopted in January, 2016, but each of the Nigeria's 36 states was required to decide its own implementation date. Before the full adoption took off, the Federation Account Allocation Committee (FAAC) has to form a sub-committee in June, 2011 that developed a kind of roadmap for the take off of IPSAS in the three tiers of government, (Ndalu, Igwe, & Micah, 2021).

Nigeria system of democracy has always appeared as having many system of government that has the executive, legislative and judicial arms. This has to be a true picture of democracy, where there a system that executive that comprises of three tiers of government known as Federal, State and Local government and each of these three arms or three tiers enjoys certain autonomy to some extent if it is properly practiced. In other words, in true practice, any law passed by each tiers, however may not be truly binding on the other parts conjointly or separately. This matter can also relate to any other law and also as with regards to the implementation of any law, like the Financial Reporting Council Act 2011, which provides for the adoption and implementation of IPSAS.

Even in Nigerian, public sector accounting has been one of the strategies in the development of the economy through the public sector apparatus on one hand, and this also drives other business operations of the private sector to a large extent on the other hand, (Ugwu, 2020). Institute of Chartered Accountants of Ghana ICA- Ghana, (2010) defined public sector as a "system that gathers, records, classifies and summarizes and reports the fiscal and financial transactions that exist in the public or government sector, financial statements and interprets them as may be required by accountability and fiscal transparency to provide information to users associated with public institutions". This definition, has involved: receipts, custody, disbursement and rendering of stewardship of public funds entrusted to government servants. This system in Nigeria is managed by the Ministry of Finance and the budget office at the Federal level. But each of the thirty-six States of the Federation is expected to run their own financial affairs through each individual Ministry of Finance and budget office, because State is autonomous with separate budgets backed up by an appropriation law.

In relation to IPSAS accrual: Accrual basis simply depicts an accounting basis under which transactions and other similar business transaction events are recognized when they occur; and necessarily not only when cash transactions or its equivalent is received. Therefore, the business transactions and other events are recorded in the accounting records and recognized in the reporting of financial statements that relate to the same periods. The basic IPSAS accrual basis elements that are recognized under accrual accounting methods are: assets, liabilities, net assets/equity, revenue and expenses, (IPSAS I, 2000). Ever since the adoption of IPSAS accrual basis in Nigeria in 2010, this has been a welcome development by all the tiers of government.

Arguments have emanated as regards IPSAS implementations outcomes in various countries including Nigeria: Acho, (2014) argues that implementation of IPSAS in Nigeria will help in the harmonization of financial operations and uniformity. Ijeoma and Oghoghomeh, (2014) were of the opinion that implementation of IPSAS shall improve comparability of the financial information that is reported by the public sector entities in Nigeria and around the world. Chan, (2005) argues that IPSAS has a limited contribution to institutional capacity building in developing countries. Omolehinwa and Naiyeju, (2015) are of the view that the implementation of IPSAS could be very expensive. Otunla, (2015), says that "IPSAS will provide a number of benefits which includes: improving accountability and transparency, quality service delivery; ensure credibility/integrity that will build confidence in donor agencies, lenders and other stakeholders". Delloitte and Touches, (2013) show that IPSAS should be seen as norms of governing, recognizing, measuring, presenting and disclosing, and a kind of requirements in relation to transactions and events in general purpose financial statements. The IPSASB has the responsibility to issuing IPSASs that deals with financial reporting under the cash basis and the accrual basis of accounting, (Kanellos et. al., 2013). IPSASB t ensures that government published financial statements follows the procedural requirement in uniformity, reporting content, format and thus communicate, an informed assessments of the government resources, increasing reporting quality of transparency and accountability (Stephen et al, 2012). Wyk (2006) says IPSAS benefits associated with the implementation surpasses the difficulties that might be experienced. Biraud (2010), opined that it assist users of financial information to assess and evaluate the accountability for assets reported Malahleha (2013) observes that IPSAS adoption guarantee improved accountability following the improved assets and liabilities management; greater accuracy in recognition and recording of revenue and expenses, net assets; better measurement.

2.2:1 IPSAS Accrual Basis and Financial Reporting Quality

Financial reporting quality relates to the quality of the information that is contained in financial reports, including all the required disclosure and notes. A good quality reporting has all the relevant, decision and all the useful information necessary that depicts all the economic reality of a company's transaction within a given reporting period. IASB shows that the all the element and requirement of valuating the financial reporting quality connects to faithfulness of the objectives and quality of information disclosed in any firm's given periodic financial reports. There are established financial reporting qualitative characteristics increase or enhance the assessment of the usefulness of financial reporting quality. These elements show that financial reporting will be faithfully represented, be comparable, be verifiable, be timely, and be understandable. Thus the general views are that there will be a transparent financial reporting that has no misleading financial reports to all users and more importantly such reports contain information that must have preciseness and predictability as indicators of a high financial reporting quality, (Gajevszky, 2015). Thus the conceptual framework for financial reporting of the FASB and the IASB required elements of high quality financial reporting.

The qualitative characteristic of financial reporting is the important part of the IPSASs and it requires an government entity to present information, including all accounting policies, in a way that conforms in a number of qualitative characteristics, (Ugwu, 2020). There are four principal qualitative characteristics that are inclusive in financial information. The qualitative characteristics of financial reporting quality include: relevance, faithful representation, understandability, comparability, verifiability, and timeliness. These qualities have been divided into fundamental qualitative characteristics and enhancing qualitative characteristics of accounting quality. Some theoretical explanation for each of these terms emphasizes their importance as qualitative characteristics, and also they indicate what qualities are considered fundamental among different framework. Some literatures have shown the qualitative characteristics of IPSAS reporting mentioned above as found in: (Hayfron and Adoagye, 2012; Ijeoma and Oghoghomeh, 2014; Otunla, 2015; (Stephen et al.; 2012; Biraud, 2010; Malahleha, 2013; Gajevszky, 2015; IASB, 2008, 2010; Ohaka et al., 2016; Chan, et al., 2010 and Khan, 2014).

2.2 Theoretical Framework

The New Public Management (NPM) Theory

This study is anchored on NPM which came up in the 1980s to support a new focus on the importance of management and 'production engineering' in public service delivery, and this has been associated with the doctrines of economic rationalism by, (Hood,1989; Pollitt, 1993). This theory emanated in United Kingdom and was recognized as the "gold standard for administrative reform" in the 1990s. NPM is an approach to running public service organizations and government and public service institutions and agencies, at all levels. NPM reforms focus on the centrality of citizens who are the recipient public sector services or goods through decentralized service delivery models that ensures that local agencies enjoys more freedom in how they delivered programs or services. NPM reforms has been known to use the government consolidated program and service to a central location to reduce costs. Some of the key major focus of NPM has been on financial control, value for money, increasing efficiency, identifying and setting targets and continuance monitoring of performance, handing over power to the senior management executives. In NPM, citizens are seen as "customers" and public servants are also seen as public managers. NPM approach has always been compared with the traditional public administration model, in which institutional decision-making, policy making and public service delivery is guided by regulations, legislation and administrative procedures.

2.3 Empirical Literature Review

Ndalu, Igwe, & Micah, (2021) investigated IPSAS Adoption in Nigeria: Their finding shows that all attempts to completely introduce IPSAS in the Nigerian public sector failed due to a number of clear obstacle, and thus they recommend full implementation of IPSAS adoption. On the other hand, Duenya, (2017) examined the effect of adopting (IPSAS) on accountability in public sector financial reporting in Nigeria in Benue State. Data from a sample of 130 respondents were analyzed with Chi-square goodness of fit test, Kruskal Wallis H test, Mann-Whitney U test, and Cohen effect size. The study found that IPSAS adoption would improve accountability and decision making and the study also found significant differences existed among the three respondents groups as it affect IPSAS adoption on Nigeria's public sector financial accountability. Nkwagu, Uguru & Nkwede (2016) studied on implications of IPSAS on Financial Accountability in the Nigerian Public Sector efficient management of public funds, effective budget implementation, and checking of cases of corruption among public officers. They applied primary survey on a sample of 314 Accountants and Internal Auditors in the ministries. Analyses methods used descriptive statistics and the findings show that IPSASs adoption enhances accountability, pave way for improved management of public funds and paves way for effective budget implementation and checks possible cases of corruption in the Nigerian public sector. Also, Opanyi (2016) studied adoption of IPSAS on quality of financial reports in meeting the criteria for decision usefulness. Secondary data were collected from the target population of 19 ministries of the national government in Kenya. Analysis applied descriptive statistics and t-test for differences. The finding evidenced enhancement in the quality of characteristics of comparability, relevance, timeliness and faithful representation by adoption of IPSAS; while the quality of characteristics of understandability declined and finally, adoption of IPSAS is adjudged to have moderate effect on quality of financial reports in public sector in Kenya. Again, Abimbola, Kolawole and Oyeleye, (2017), evaluated the impact of (IPSAS) on the financial accountability of selected local governments of Oyo State, Nigeria. They used survey design on 105 Accountants and Internal Auditors and analyzed the data with descriptive statistics, the result of the study showed that adoption of IPSAS increases the level of accountability, transparency and reduces corruption in the selected local governments, suggesting that IPSAS can improve economy of Nigeria when fully adopted and implemented. Finally, Balogun, (2016) studied (IPSAS) in the Nigerian Public Sector using Accountant General of Ekiti State. In the study, he used primary data and the findings indicated that adoption of IPSAS is expected to increase the level of accountability and transparency, enhance comparability and this will provide more meaningful information for decision makers and improve the quality of the financial reporting system in Nigeria. Hence, IPSAS adoption in Nigeria is expected to impact operating procedures, reporting practices thereby strengthening good governance and relations with the government and the governed. More on IPSAS, Olayinka, Okoye, Modebe, Nwanneka & Olaoye (2016) investigated the impact of IPSAS adoption on the quality of financial reporting in Nigerian public sector. Primary data was collected from a sample of 164 respondents of account departments of all government ministries in Lagos State public service. The regression result shows that IPSAS adoption has a significant positive impact on the quality of financial reporting. Another work by Babatunde, (2017) studied the implementation of IPSAS in Nigeria focusing on issues and challenges. Applying a stratified random sampling statistics on a sample of (232) respondents of accounting and auditing cadres in the public sector. The descriptive statistics analysis result shows that political buying of all the government functionaries has a collective decision is a significant factor for the slow implementation of IPSAS in Nigeria. Ijeoma and Oghoghomeh, (2014) examined the expectations, benefits and challenges of adoption of (IPSAS) in Nigeria. The study used Chi-square test, Kruskal Wallis test and descriptive analysis and found that adoption of IPSAS is expected to increase the level of accountability and transparency and this will enhance comparability and international best practices and enable more meaningful information for decision makers and improve the quality of the financial reporting system and ensure comparability of financial information reported. In another development, Maciuca and Seucea, (2013) studied the moments in the modernization of Public Accounting in Romania, using the revaluation and amortization of fixed assets. The study ascertained how the transitions to IPSAS created improved management of assets of public institutions. Result indicated that IPSAS implementation paves way for increased efficiency of management and decision making for better information; minimizing risk of errors in beneficiary payment and better budget performance. Furthermore, Acho, (2014) examined the challenges of adoption of (IPSAS) in Nigeria. He applied primary data and analyzed it with simple percentage and the findings show that the adoption of IPSAS significantly improve accounting financial reporting system and reduce corruption and other mal-practices in government accounting. Finally, Babatunde, (2013) investigated the impacts of adoption of accrual based budgeting on transparency and accountability in the Nigerian public sector. The study gathered primary data on a sample of 376 respondents and analyzed it with descriptive and inferential statistics of Karl Pearson coefficient of correlation. He discovered that transparency and accountability have reasonable impact on economic development/growth and shows that accrual budgeting is significant on transparency and accountability.

Research Methods

3.1 Research Design, Nature and Source of Data

Our research, applied grass root method of opinion and gathered data with questionnaire to determine the respondents view on the IPSAS accrual basis elements implementations impacts on financial reporting quality. The data evidence relied on multiple sources of reporting guide found under IPSAS Accrual Basis elements (IPSAS) and was based on the prior development of theoretical proportion also guided our data collections and analyses.

3.2 Population

The population centered in Enugu Sate: the Federal, the State and the Local government employees of public servants; comprising of all accountants and auditors, who are considered informed on the implementation of IPSAS in Nigeria Public Sector.

3.3 Sample Selection

In order to make our research attainable, we limited our respondent's considerations to two categories: accountants and auditors found the three tiers of these ministries. The study applied Slovin's formula on estimated population figures as when no idea is known about the population's behavior. The sample size was selected using Slovin's formula of 1960, where: n = N/l + *N(e)2, i.e.*; Where n = the sample size, N= the population size, and e is the margin of error; We estimate N = Population as 3,200; where, e = Margin of error of 5%; N = 3,200: Applying the figures, we have; 1 + 3,200 (0.05)2 = 8.5 then 3,200/8.5 and this resulted in a Sample of (376).

3.4 Research Instrument

Our research instrument applied questionnaire of assertion and open-ended and equal questions on both dependent and independent variables to enable the use of (OLS). Five-point Likert scale of degree agreement that applied were: Strongly Agree SA= 5, Agree A= 4, Undecided UD=3, Disagree D=2 and Strongly Disagree SD= 1.

3.5 Method of Data Analysis

Method of data analyses were: Descriptive Statistics, Pearson Correlation Matrix; Ordinary Least Square (OLS) Regression and other data diagnostic test of normality test of variables, Jarque-Bera normality test, Multicolinearity test to determine the implementation impact of the dependent variable Financial Reporting Quality and that of (IPSAS) Accrual Basis Elements, the independent variables.

3.6 Model Specification

This functional model applied for this study:

FINANCIAL REPORTING QUALITY =f(ASSETS+ LIABILITIES + NET ASSETS/EQUITY + REVENUES/EXPENSES)…………………………………………………………………….(1)

The study model econometrics applies thus:

FRQLTY=βO+ βlASSET i + β2LABLT i + β3 AST/EQT i + β4 REVS/EXPS i + p1 ……. (2)

Where: βo = Constant; Parameters: β1, β2, β3, β4, represent the co-efficient.

Apriori sign & Expectations: $\beta1< 0$, $\beta2 < 0$, $\beta3 < 0$, $\beta4< 0$.

4.0 Data Presentation and Analysis

4.1 Data Presentation

Demographic Analysis of Respondents

Note: Return of our questionnaires indicated 94% (352) that were valid in our sample, while the rest were invalid.

Table 4.1 Respondent's Sex Distribution

Respondent's Sex Distribution

	Frequency	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Female	187	53.0	53.0	53.0
Male	165	46.0	46.0	46.0
Total	352	100	100	100

Source: Researcher's computation (2021)

The table 4.1 above shows that 187 of the respondents were Female while 165 were Male given a percentage of 53.0% and 46.0% respectively.

Table 4.2 Employment Area Distribution

Employment Area Distribution

	Frequency	Percent (%)	Valid Percent (%)	Cum. (%)
Local Government	112	31.8	31.8	31.8
State Government	135	38.4	38.4	38.4
Federal Government	105	29.8	29.8	29.8
Total	352	100	100	100

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Source: Researcher's Computation, (2021)

Table above analysis shows the respondents from Federal, State and Local government as: 31.8%, 38.4% and 29.8% respectively.

Table 4.3 Professional Cadres

Professional Cadres

	Frequency	Percent (%)	Valid (%)	Cum (%)
Accountants	254	72.2	72.2	72.2
Auditors	98	27.8	27.8	27.8
Total	352	100	100	100

Source: Researcher's Computation, (2021)

From the above table: Frequency of Accountants shows 254 with 72.2%; while Auditors are 98 with 27.8% respectively.

Table 4:3 Descriptive Statistics of Study Variables

Descriptive Statistics

	FRQLTY	**ASSET**	**LABLTY**	**NAST/EQT**	**RE/EXPS**
Mean	69.85000	70.30000	68.85000	70.40000	70.20000
Median	77.60000	38.10000	61.60000	24.60000	62.60000
Maximum	207.5000	256.3000	153.0000	212.0000	145.1
Minimum	7.000000	2.000000	12.00000	3.000000	18.00000
Std. Dev.	62.07171	75.54304	38.14452	74.81852	37.06113
Skewness	0.804504	1.138312	0.459240	0.658124	0.184654
Kurtosis	3.685784	3.415473	2.273725	2.016460	2.156566
Jarque-Bera	3.353676	4.546301	1.265656	2.647987	1.104753
Probability	0.106604	0.107744	0.538643	0.063108	0.612037
Sum	1304.000	1430.000	1496.000	1403.000	1420.000
Sum Sq. Dev.	48577.77	124278.1	29377.77	105363.7	25086.00
Observation	20	20	20	20	20

Source: Researcher's Computation, (2021):

Note: FRQLTY ***is Financial Reporting Quality; ASSET; LABLT is Liability; NAST/EQ is Net Asset/Equity; RE/EXP is Revenues/ Expenses***

Table of descrip**tive** statistics shows the mean (average) of both dependen**t** and independent variables to be approxima**t**ely (70%) in Nigerian IPSAS accrual basis and the median distribution within 24.600 lowest and 77.6 highest; while the maximum value ranged from 256.300 fall within the minimum values of 2.000 level of implementation of IPSAS accrual basis. The Skewness measures are all positive for all the independent variables and the dependent variable. These show that the distribution depicts a “long right tail Skewed to the right” of the study variables above. Then, the Kurtosis Measures of Financial Reporting Quality and Assets have Kurtosis, K is greater than 3, defined as “LeptoKurtic” or “Fat-tailed distribution that appears more than normal distribution”; other variables indicated Kurtosis, K is less than 3, defined as “PlatyKurtic distribution”. Lastly, the Jarque-Bera (JB) test shows normality or no existence of outlier or extreme values among the variables distributions.

4.2 Correlation Analysis

Table 4:4 Pearson Correlation Matrix

	FRQLTY	**ASSET**	**LABLT**	**NAST/EQT**	**REV/EXPS**
FRQLTY	1.00	0.80	0.47	0.85	0.77
ASSET	0.82	1.00	0.41	0.86	0.70
LABLT	0.48	0.44	1.01	0.28	0.67
AST/EQT	0.83	0.87	0.27	1.02	0.78
RE/EXPS	0.70	0.74	0.66	0.76	1.00

Source: Researcher's Computation, (2021)

The table of Pearson correlation matrix shows that all the independent variables have positive relationship but the relationship is moderately correlated with the dependent variable: (ASSET = 0.82; LABLT = 0.48; NAST/EQT = 0.83 and RE/EXPS = 0.70.

The major reason for the check of Multi-colinearity between independent variables are to forestall wrong signs or implausible magnitudes in the estimated model coefficient, which can possibly cause bias of the standard errors of the coefficients. Further check for Multi-colinearity shows that there is no explanatory variables that have perfect correlation. Thus, there is an absence of Multi-colinearity problem in the model above.

4.3 Diagnostic Test of Heteroskadasticity

Table 4:5: Breusch- Pagan Godfrey Heteroskedasticity Test

F-statistic	1.147355	Prob. F(4.15)	0.3585
Observed R-sqd	4.616816	Prob. CM-Square(4)	0.3273
Scaled explained SS	2.278156	Prob. Chi-Square(4)	0.5745

Source: Researchers Computation, (2021)

The study further checked the reliability of the data collated using Bruch-Pagan Godgfrey Heteroskadasticity test, and the result of the test is presented in table 5 above. The Heteroskadasticity test conducted has F-statistics value of 1.147355 and Probability P-value of 0.3585 which is greater than 5% (0.005). This value is the normal rule of thumb, and this shows that the data does not contain any Heteroskadasticity problem and thus, can be applied for regression and test of hypotheses.

4.4. Research Testing of Hypotheses

Table 4:6. Pooled Regression Result

Sample: 352

No of observations: 20

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	13.84153	14.67356	0.943297	0.36050
ASSET	0.474039	0.197886	2.395519	0.03231
LABLT	0.021069	0.268861	0.078364	0.94864
NAST/EQT	-0.027349	0.268566	-0.101832	0.92020
RE/EXPS	0.335792	0.422124	0.795481	0.43872

R-squared	0.774124	Mean dependent var	70.25100
Adjusted R-sqd	0.714423	S.D. dependent var	51.08164
S.E. of regression	27.20204	Akaike info criterion	9.556542
Sum squared resid	11177.27	Schwarz criterion	9.805714
Log likelihood	-81.56761	Hannan-Quinn criter.	9.605383
F-statistic	13.10011	Durbin-Watson stat	2.719160
Prob(F-statistic)	0.000091		

Source: Researchers Computation, (2021)

From the result above, that R-squared and adjusted R-squared values are: (0.77) or (77%) and (0.71) or (71%) respectively. In all, the table shows that the independent variables jointly explain about (77%) of the systematic variations found is dependent variable. The log likelihood value is (-81.56761) and the F-statistics value is (13.10011) with its probability p-value as (0.0000) and this shows that the regression model is generally significant and well specified.

Implementation of IPSAS Accrual Basis (Asset) is not Statistically Significant on Financial Reporting Quality in Nigeria.

The regression model result shows the **values of ASSET** being properly reported using accrual basis as:**(Coefficient=0.474039; Std. Error=0.197886; t-Statistic=2.395519; Prob.= 0.03231),** has a positive impact on financial reports quality of the three tiers of government in Nigeria at 5% level of significance. This therefore suggests that we should reject the study hypothesis one (Hoi), which states that IPSAS accrual basis reporting on asset has no significant impact on financial reporting quality in three tiers of government in Nigeria. The study states that the use of IPSAS accrual basis (assets) enhances the financial reports of the three tiers of government, since it has a positive significant impact and so its reporting using accrual basis helps to improve financial reporting quality among the tiers of government in Nigeria.

Implementation of IPSAS Accrual Basis (Liabilities) is not significant on Financial Reporting Quality in Nigeria

The regression model result shows the **values of LIABILITY: (Coefficient= 0.021069; Std. Error=0.268861; t-Statistic=0.078364; Prob. = 0.94864),** indicates that IPSAS accrual basis reporting on Liability has a positive impact on financial reporting quality of the three tiers of government in Nigeria. This study rejects the posited hypothesis and accepts the null hypothesis two (Ho2) that IPSAS accrual liability reporting has a significant impact on financial reporting quality of the three tiers of government in Nigeria. This means that a percentage proper reporting of liabilities using accrual basis of IPSAS increase the level of financial reporting quality.

Implementation of IPSAS Accrual Basis (Net Asset/Equity) is not Significant on Financial Reporting Quality in Nigeria.

The regression model result shows **values of**: (**Coefficient = -0.027349; Std. Error= 0.268566; t-Statistic= -0.101832; Prob. = 0.92020),** are seen to have a negative influence on financial reporting quality of the three tiers of government in Nigeria. Also, this is not statistically significant at since its p-value value is more than 5% significance level. Based on this, the study accepts the null hypothesis indicating that IPSAS accrual basis reporting on Net Asset/Equity is negative and insignificant on financial reports quality of the three tiers of government in Nigeria. Hence, IPSAS accrual basis reporting on Net Asset/Equity has negative influence on financial report but the effect is insignificant and thus should be ignored.

Implementation of IPSAS Accrual Basis (Revenue/Expenses) is not significant on Financial Reporting Quality in Nigeria.

The regression model result shows the **values of: (Coefficient = 0.335792; Std. Error = 0.422124; t-Statistic = 0.795481; Prob. = 0.43872),** are seen to have a positive impact on financial reporting quality of the three tiers of government in Nigeria. By this, the study rejects the stated hypothesis and accepts the alternative hypothesis four which states that IPSAS accrual basis revenue/expenses reporting has a significant impact on financial reports quality in the three tiers of government in Nigeria. This indicates IPSAS accrual basis reporting on Revenues/Expenses reporting increase the level of financial reporting quality in a positive manner and hence this should be ignored.

4.5 Discussions and Summary of Findings

This study finding support the Apriori expectation stated earlier that IPSAS accrual basis reporting improve financial report quality of the three tiers of government in Nigeria. The earlier New Public Management NPM theory applied states that government reporting should be guided as an indicator for progression. Thus our findings did not negate this theory. The summary of our findings are:

Hypothesis one states that IPSAS accrual basis reporting on (assets) is positive and significant and enhances the financial reporting quality of the three tiers of government in Nigeria.

Hypothesis two indicates that IPSAS accrual basis reporting on Liability is positive and significant on financial reporting quality of the three tiers of government in Nigeria.

Hypothesis three indicates that IPSAS accrual basis reporting on Net Asset/Equity has negative and insignificant influence on financial reporting quality, but the effects is insignificant on the report and thus should be ignored.

Hypothesis four indicates that the IPSAS accrual basis reporting on Revenues/Expenses increases the level of financial reporting quality and this is positive and significant on financial reporting quality.

In all, the overall model showed that the independent variables explains about 77% systematic variations in the dependent variable; and the balances are assumed to be attributable to other factors outside the scope of this study.

These findings agree with some of these prior works: (Babatunder, 1917; Acho, 2013; Maciuca and Seucea, 2013; Olayinka et. al., 2016; Balogun, 2016; Nkwagu et. al., 2016; Abimbola, Kolawole and Oyeleye, 2017; Ijeoma & Oghoghomeh, 2014) and Otunla, (2015) and negates the findings of (Ndalu, et al., 2021; Opanyi, 2016); while they disagree with the findings of (Abimbola, et. al., 2017).

Conclusion: IPSAS accrual basis reporting on (Assets, Liability, Net Asset/Equity and Revenues/Expenses) in Nigeria public sector indicates to show a composite positive impact on financial reporting quality

Recommendations: We recommend that the government should ensure that the three tiers of government fully imbibe on the proper reporting of IPSAS Accrual Basis since it improves government reporting quality.

Suggestion for Further Studies: Further study should be made on other specific IPSAS Accrual Basis elements different on what was used in this study.

Contribution to Knowledge: We contribute with the IPSAS accrual model that applied for this study and also the significant impact of the IPSAS accrual elements reporting on financial reporting quality of the three tiers of government in Nigeria.

Implications of the Findings: The implications of the result of this study is that the application of IPSAS accrual basis elements which impact on financial reporting quality of the three tiers of government in Enugu State, care must be taken in generalizing it in all the ministries in Nigeria and elsewhere.

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Appendixes:

Instruction on how to answer these questions

Please tick or mark (YES) in the boxes provided or fill where appropriate.

Section A: Information

1) Sex: Male [ ] Female [ ] 2. Employment status: Local government employee [ ]
State government employee [ ], Federal government employee [ ]; 3) Profession: Accountant [ ], Auditor [ ]

Section B: Questions on the Questionnaire

Please indicate using the keys provided below

Key - S A= Strongly Agree; A = Agree; UD = Undecided; D = Disagree; SD = Strongly Disagree

S/N		A	SA	UD	D	SD
	Do you Agree that					
1	Implementation of IPSAS Accrual Basis in government are positive in Financial reporting quality (Understandability)					
2	Implementation of IPSAS Accrual Basis in government are positive in Financial reporting (Relevance)					
3	Implementation of IPSAS Accrual Basis in government are positive in Financial reporting (Reliability)					
4	Implementation of IPSAS Accrual Basis in government are positive in Financial reporting (Comparability)					

S/N	OPTION	A	SA	U	D	SD
	The Following Implementation of IPSAS Accrual Basis (Asset) impact on financial reporting in Nigeria.					
5	When financial Statement (asset) is identified clearly and distinguished from other information					

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6	When required Information on (asset) is clearly displayed in the Financial statement					
7	When Information on (assets) in the financial statement must be relevant to decision making needs of users					
8	When (asset) is reliable and free from material bias, prudent in nature of preparation, show completeness etc..					
	The Following Implementation of IPSAS Accrual Basis (Liability) impact on financial reporting					
9	When financial Statement (Liability) is identified clearly and distinguished from other information					
10	When required Information on (Liability) is clearly displayed in the Financial statement					
11	. When Information (Liability) in the financial statement must be relevant to decision making needs of users					
12	When (Liability) is reliable and free from material bias, prudent in nature of preparation, show completeness etc..					
	The Following Implementation of IPSAS Accrual Basis (Net asst/ Equity) impact on financial reporting					
13	When financial Statement (Net asst/Equity) is identified clearly and distinguished from other information					
14	When required Information on (Net asst/ equity) is clearly displayed in the Financial statement					
15	When Information (Net asst/Net equity) in the financial statement must be relevant to decision making needs of users					
16	When it discloses the level of surplus of deficit during the period, assets revaluation and effect of translation of foreign exchange transaction as contained in statement of changes in Net assets/Equity.					

		A	SA	U	D	SD
	The Following Implementation of IPSAS Accrual Basis (Revenue/Expenses) impact on financial reporting quality.					
17	When financial Statement (asset) is identified clearly and distinguished from other information					
18	When required Information on (Revenue/Expenses) is clearly displayed in the Financial statement					
19	When Information (Revenue/Expenses) in the financial statement must be relevant to decision making needs of users					
20	When (Revenue/Expenses) is reliable and free from material bias, prudent in nature of preparation, show completeness etc...					