

Effect of International Public Sector Accounting Standards on Performance of MDAS In Nigeria

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I. Introduction

Over the years, countries of the world have defined and set the standards of financial reporting in their individual territories. However, globalization has brought about ever increasing collaboration, international trade and commerce among the countries of the world; hence, there is grave need for increased uniformity in the standards guiding financial statements so that such statement would remain comprehensible and convene the same information to users across the world. The need for the development of unified accounting standards has been the primary driver of international public sector Accounting Standards for public sector financial reporting. While the commercial entities across the world are moving toward international financial Reporting standards (IFRS), governments are harmonizing with International Public sector Accounting Standards (IPSAS). IPSAS govern the accounting by public sector entities, with the exception of Government Business Enterprises. According to Hayfron Adoagye (2012), IPSAS are high quality global financial reporting standards for application by public sector entities other than government business enterprises and being issued by international public sector accounting standard board IPSASB which is formerly known and called public sector committee. IPSASB's a body of International Federation of Accounting (IFAC) with autonomy to develop and issue IPSAS. In a study conducted by John (2011) and Ijeoma (2014) they revealed that IPSAS Board comprises of 18 members, out of which 15 are nominated by the member bodies of IFAC while the other three are appointed as public members whom may be appointed by any individual or organisation.

International Public Sector Accounting Standards (IPSAS) is at present the focal point of global revolution in government accounting in response to calls for greater government financial accountability and transparency. The Public sector comprises entities or Organisations that implement public policy through the provision of services and the redistribution of income and wealth, with both activities supported mainly by Compulsory tax/levies on other sectors. This comprises governments and all publicly owned, controlled and or publicly funded agencies, enterprises, and other entities of government that deliver public programs, goods, or services. Public Sector Accounting is a system or process which gathers, records, classifies and summarises as reports the financial events existing in the public or government sector as financial statements and interprets as required by accountability and financial transparency to provide information to information users associated to public institutions. It is interested in the receipts, custody, disbursement and rendering of stewardship of public funds entrusted.

Similarly, Rebert (2016) noted that the impact of IPSAS has its origin in the Accounting profession as a way to improve the transparency and accountability of Ministries, Departments and Agencies of Government in Nigeria. The light of the above problems motivated the present study. Hence, the purpose of this study is to assess the impact of IPSAS on the performance of MDAs in Plateau State.

STATEMENT OF THE PROBLEM

The preparation and presentation of financial statement at each level of government have pose series of problems worldwide. Over the years, government accounting has been anchored on cash basis of accounting while private sector accounting has been predicated on accrual basis. Whereas the accrual basis has been working perfectly well in the private sector, the continued application of the cash basis in the public sector appears to have thrown up a number of challenges relating to under-utilisation of scarce resources, high degree of vulnerability to manipulation, lack of proper accountability and transparency, inadequate disclosure requirement due to the fact that the cash basis of accounting does not offer a realistic view of financial

transaction. IPSAS adoption is expensive in all material respect, so expensive that some experts have contended that it's much advertised benefits do not justify the cost of the implementation predominantly accounting or financial reporting places emphasis on accountability and transparency. Revolution is not only accorded to government functional activities, instead revolution also exists in Government Accounting. In the light of these problems motivated the present study. Hence, the purpose of this study is to ascertain the impact of International Public Sector Accounting Standard (IPSAS) on the performance of Ministries, Departments and Agencies of Government.

II. CONCEPTUAL FRAMEWORK

2.2.1 International Public Sector Accounting Standard (IPSAS)

The acronym IPSAS means International Public Sector Accounting Standard. IPSAS are international Accounting Standard used as guidelines for the preparation of public sector financial Statements. According to Hayfron Adoagye (2012), IPSAS are high quality global financial reporting standards for application by public sector entities other than government business enterprises and being issued by international public sector accounting standard board (IPSAS B) which is formerly known and called public sector committee.

IPSASB's a body of International Federation of Accounting (IFAC) with autonomy to develop and issue IPSAS. In a study conducted by John (2011) he revealed that IPSAS Board comprises of 18 members, out of which 15 are nominated by the member bodies of IFAC while the other three are appointed as public members, who may be appointed by any individual or organization.

The main aim of IPSAS is to enhance the quality of general purpose financial reporting by public sector which would provide better means of assessing the resources allocation by government and also increased transparency and accountability.

The practice of government sector accounting evolved over the years with focus on cash receipts and disbursements on the cash accounting basis or modified cash accounting basis. Hence, government revenue is only recorded and accounted for when cash is actually received and expenditure is incurred only when cash is paid irrespective of the accounting period in which the benefit is received or the service is rendered. It therefore means that, the amounts incurred by the government in purchasing fixed assets are treated the same way as expenses. They are therefore written off as part of expenditure for the period the costs were incurred Oecon, (2010).

Ngama (2012) noted that the adoption of IPSAS would provide the basis for the establishment of a harmonized budgetary system for the three tiers of government. He further stressed that the era of IPSAS would also enhance the country's eligibility to access economic benefits from donor agencies, private sector, Financial Institutions and Worldwide Financial Institutions such as the World Bank. Preparing the country's financial statement using IPSAS which is an international standard would definitely encourage investors into the country.

Nongo (2014) is also of the opinion that the adoption of IPSAS in the public sector accounting reporting system would enhance better service delivery in the public sector, support efficient internal control and bring into focus the performances of the agencies. It would also enhance creditability of government financial information and help build confidence of Nigerian citizens and Nigeria development partners both within and abroad.

The adoption of IPSAS would also enhance access of information to the public thereby promoting the aims of freedom of information Act 2011 and facilitating the expression of individuals' opinion on government activities. Adoption of IPSAS at the Local Government would also help to fight corruption which can be easily trace to the local government because of lack of proper accounting system stipulated by the subcommittee. Comparability of Nigeria Financial Statement with that of other country would be carried out with ease Oulasvirta (2012).

IPSAS Adoption In Nigeria

Onwubuariri, (2012), reported that the Federal Executive Council of Nigeria in July 2010 approved the adoption of the International Financial Reporting Standards (IFRS), and International Public Sector Accounting Standards (IPSAS), for the private and public sectors. The adoption is aimed at improving the country's accounting and financial reporting system in consonance with global standards. Consequently, the Federation Account Allocation Committee, (FAAC), in June 2011 set up a sub-committee to work out a roadmap for the adoption of IPSAS in the three tiers of government. However, he noted that some stakeholders believe that the tools and strategies needed to fully implement IPSAS in the three tiers of government in Nigeria are still problematic. He explained that IPSAS is a good development and an international best practice which has been embraced in most developed countries. There is nothing wrong with Nigeria taking queue in making sure that public entities in the country fully adopt IPSAS.

In the words of Hayfron Aboagye (2012), he said that IPSAS board have so far been able to issue thirty two (32) accrual IPSAS and one(1) comprehensive cash IPSAS this is also in line with IPSAS handbook

published in March, 2011. According to Nango (2014) - a member of FAAC noted that the subcommittee has even gone far as reviewing the current book-keeping system, accounting and reporting system and chat of account currently used by the three tiers of government. The committee started their interactive session with the political leaders, key officers in Federal ministries, permanent secretaries state governors, relevant commissioners within the 36 State and Local Governments. This is to enable the committee to obtain information on all aspects of their budgeting. Book – keeping and financial accounting reporting system.

In order to enhance effective adoption and implementation of IPSAS in Nigeria, the Sub-Committee of FAAC has developed the following for all government establishments in Nigeria.

Uniform National Chart of Account and User manual for the chat Uniform accounting policies Uniform budget templates that align with IPSAS cash basis. Among the issued accrual IPSAS are the following:

IPSAS	IFRS	Standard
1) IPSAS 1	IAS 1	Presentation of financial statements;
2) IPSAS 2	IAS 7	Cash Flow Statement
3) IPSAS 3	IAS 8	Accounting policies, changes in Accounting Estimates and Errors,
4) IPSAS 4	IAS 21	The effect of changes in foreign;
5) IPSAS 5	IAS 23	Borrowing Cost;
6) IPSAS 6	IAS 27	Consolidated And Separate Financial Statements;
8) IPSAS 7	IAS 28	Investment in Associate;
9) IPSAS 8	IAS 31	Interest In Joint venture
10) IPSAS 9	IAS 18	Revenue from Exchanging Transactions;
10) IPSAS 10	IAS 29	Financial Reporting In Hyperinflationary Economies;
11) IPSAS 11	IAS 11	Construction Contracts;
12) IPSAS 12	IAS 2	Inventories
13) IPSAS 13	IAS 17	Leases
14) IPSAS 14	IAS10	Events after the Reporting Date
15) IPSAS 15	IAS 32	Financial Instruments Disclosure
16) IPSAS 16	IAS 40	Investments Property
17) IPSAS 17	IAS 16	Property, Plants and Equipment
18) IPSAS 18	IAS 14	Segment Party Disclosure
19) IPSAS 19	IAS 37	Provisions Contingent Liabilities and Contingents Assets
20) IPSAS 20	IAS 24	Related Party Disclosure
21) IPSAS 25	IAS 19	Employee Benefits
22) IPSAS 26	IAS 36	Impairment of Cash Generating assets
23) IPSAS 27	IAS 41	Agriculture
24) IPSAS 28	IAS 32	Financial Instruments Presentation;
29) IPSAS 29	IAS 39	Financial Instruments; Recognition and Management
30) IPSAS 30	IAS 7	Financial Instrument; Disclosures
31) IPSAS 31	IAS 38	Intangible Assets
32) IPSAS 32	IFRIC12	Service Concession Arrangements; Grantor

IPSAS WITHOUT IFRS EQUIVALENT

- 33) IPSAS 21 Impairment of Non-Cash-Generating Assets
- 34) IPSAS 22 Disclosure of Financial Information about the General Government Sector
- 35) IPSAS 23 Revenue from Non-Exchange Transactions (Taxes and Transfers)
- 36) IPSAS 24 Presentation of Budget Information in Financial Statements
- 37) Cash Basis IPSAS Cash Basis

Implementing a Smooth Transition to IPSAS

According to Wynne, Emasu, Nyangulu, (2011), some of the good financial practices identified in Nigeria using the 2008 financial statements include: inclusion of audit certificate from the auditor general; inclusion of four statements cash flow, assets and liabilities, consolidated revenue fund and capital development fund and the consistency of the main totals between them; inclusion of comprehensive set of notes and accounting policies including: outstanding impress and advances; detailed schedule provided of internal and external loans; details provided of subventions to agencies by the overseeing of ministries and departments; consistency of the financial statements from 2005 to 2008 (when the new format stated); financial statement appear on the internet; the development of some financial reporting guidelines by Federal Account Allocation Committee (FAAC).

A complete set of financial statements in accordance with IPSASs comprises of the following components: (a) A statement of financial position; (b) A statement of financial performance; (c) A statement of changes in net assets/quality; (d) A cash flow statement; (e) When the entity makes publicly available its

approved budget, a comparison of budget and actual amounts either as separated additional financial statements or as a budget column in the financial statements; and notes that comprise a summary of significant accounting policies and other explanatory notes.

According to Biraud, (2012) replies from secretariats to joint inspection unit showed that the main benefits that United Nations system organizations expected from the transition of IPSAS were: improved financial in terms of transparency (84.2%), standardization, harmonization and consistency (57.9%), quality (52.6 %); comparability (47.4%), and improved internal controls (36.8%).

In addition, Biraud, (2012), listed the following set of 16 best practices for implementing a smooth transition to IPSAS:

1. Set up an interdepartmental IPSAS project steering committee or equivalent body tasked with ensuring that senior management understand the goals and vision driving the transition to IPSAS.
2. Conduct an in-depth analysis of gaps between existing business processes, procedures, financial reporting and functionalities developed under SAS and the requirement and impact of each IPSAS Standard.
3. In case of a major shift in the project environment re-assess the initial IPSAS adoption strategy and adjust this as necessary.
4. Apply proven project planning and implementation methodologies including clearly defined strategic objectives, deliverables, timeliness, milestones and mentoring procedures.
5. Develop a strategy for producing IPSAS compliant opening balances for the targeted implementation date (first day of the first year of compliance) as well as the closing balance for the previous day, based on the previous accounting standard (SAS), but easily translatable into IPSAS terms for the opening balance of the targeted year.
6. With a view to ensuring continued engagement of governing bodies in the change process, regularly update the governing bodies on progress made in the implantation of IPSAS and request that they adopt the relevant decisions, in particular with regard to amendments required to financial regulations and allocation of resources for the project.
7. Determine and budget for the additional human resources required in the administrative budgetary and finance areas to ensure not only effective implementation of the transition to IPSAS but also adequate capacity to maintain future IPSAS compliance.
8. Ensure that financial resources are made available for training where feasible, of in-house experts in accounting, business and change management or for the recruitment of external experts.
9. Thoroughly analyze existing (legacy) information system for comparability and synergy with IPSAS requirements and, as a major element of the initial gap analysis, appreciates the changes that the system must undergo to support IPSAS.
10. Communicate awareness on the transition to IPSAS through all available means of communication, training and documentation.
11. Ensure that existing and future staff, in particular managers, supply chain and finance staff are fully familiarized with the new procedures and requirements through the use of specific documentation (manual) and trainings
12. Adopt risk assessment, management and mitigation strategies and practices for project implementation in accordance with the projects' objectives.
13. Plan and prepare interim financial statements for review by external auditor(s) well ahead of the final implementation data to avoid unpleasant surprises.
14. Establish and maintain, as soon as feasible, a bilateral dialogue between the organization and its external auditor(s) on the transition to IPSAS to help ensure that both external and internal auditors gain in depth understanding of the new system and its impact on control procedures, as the implementation of IPSAS would require migration to accrual based accounting.
15. Perform continuous testing of internal controls during the preliminary implementation stage of an IPSAS project to ensure the accuracy of the data.
16. Ensure that an independent and comprehensive validation and verification of the system is performed towards the end of its completion.

Challenges of Migrating To Accrual Basis IPSAS

Nigeria's migration to the accrual basis of accounting will definitely not come without challenges. The expected challenges include: (a) Systematic identification and valuation of assets and liabilities as at the date from which accrual accounting is to commence; (b) Lack of adequate technical resources ; (c) Political ownership such as inadequate support at the highest levels of the executive (d) Consolidation issues ; (e) Lack of commitment from the senior management ; (f) Lack of trained staff

Conditions Precedence for Successful Migration

The following are conditions precedence for a successful migration to accrual basis of accounting:

- (a) An acceptable cash accounting based system: Countries with inadequate budget classification, no Unified double entry based general ledger system, and inadequate fiscal reporting is advised to adopt Cash Basis of Accounting before migrating to Accrual Basis;
 - (b) Entities or government considering a move to accrual accounting must have either a core of officials with required technical skills such as accounting, information technology etc., or the capacity to recruit such people for its key positions
 - (c) Total support from the political class;
 - (d) adequate system; with multi-dimensional reporting
- Implementation of full accrual accounting can only be effective with the aid of a modern government financial management information system (GFMIS) with proven functionality in areas such as general ledger, accounts payable, purchases, assets management, etc.

Effect of Accrual Basis IPSAS on the Performance of MDAs in Nigeria

The accrual-based IPSAS accounts are more complete than the cash-based ones and by definition eliminate the scope for manipulating payments and receipts in order to suit specific reporting and control objectives Biraud, (2012). Also, the information available from accrual-based accounts can improve management and decision-making and help organization make more efficient use of resources (with the cash-based accounting, spending on what is used over many years is recorded only when the money is spent and no subsequent account is taken of whether the asset is still in use, has reached the end of its useful life or has been sold).

The accrual-based accounting provides the opportunity to introduce efficient cost accounting features and to change organizational behavior through the use incentives and penalties including comparisons of the costs of services provided by the private and public sectors; as well as the opportunity to establish effective performance measures that are not impacted by the vagaries of the timing of cash Payments and receipts and which include information about fixed and current assets and liabilities.

Accrual-based accounting gives a more reliable picture of an entity's financial health. Fair value is another principal measurement base of IPSASs which referred to measuring assets and liabilities for example IPSAS 4, 9, 12, 13, 15, 16, 17, 21, 26, 27, 29, 31 or 32. Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair value is also at the heart of the revaluation method for measuring property, plant and equipment after recognition as an asset, Ijeoma, (2014)

In addition, some critical success factors of adoption of IPSASs include: political will and ownership, technical capacity (training, re-training and personnel development), public orientation and enlightenment, automated information system financial ability and modular implementation.

Benefits of Adopting IPSAS

The adoption of IPSASs will generate lots of benefits such as political and economic benefits:

1 Political benefits of adoption of IPSASs include:

- (a) Accountability: IPSAS requirement for increased disclosure in accounting reports increases the level of accountability in government.
- (b) Transparency: where IPSAS is adopted, full disclosure become an imperative of public sector accounting government;
- (c) Improved Credibility/Integrity: government accounting/reporting cannot be credible if government itself decides the rules. Hence, the need for a body, like IPSAS that will set the rules.
- (d) Political Leverage: Government may be required to provide accounting information by higher or legal authority like the United Nations;
- (e) International Best Practice and Comparability: IPSAS seeks to ensure that financial statements;
- (f) Comparable information assists the stakeholders in assessing how well their resources have been utilized;
- (g) Greater Disclosures: IPSAS encourages full disclosure, which hinges on transparency, integrity and accountability;
- (h) Increased control of public agencies: the increased disclosure, transparency and comparability IPSAS engenders will permeate the public sector in turn yielding greater accountability.

2.2.7.2 Economic benefits of adoption of IPSASs

The benefits of adoption of IPSAS cannot be over-emphasized. Balogun (2016) identified five benefits of IPSAS adoption in Nigeria to include:

- i. Building confidence in donor agencies and lenders: adoption of IPSAS increases the country's eligibility to access economic benefits from donor agencies (USDP, USAID etc.), private sector financial institutions (Bonds and Bonds rating agencies), and official institutions (IMF and World Bank).

- ii. Improved services delivery: As a result of greater accountability and transparency, adoption of IPSAS will improve Value for Money (VFM) expenditure.
- iii. Aggregate Reporting: Adoption of IPSAS will ensure a holistic reporting of government financial transactions and positions.
- iv. Enhanced public-private partnership arrangements: a collaborative effort between the public and Private Sectors is enhanced with both running on similar set of accounting standards (IPSAS and IFRS).
- v. Economic leverage: Sovereign nations are induced with the prospect of commensurate benefits. Government susceptible to economic leverage is more likely to adopt IPSAS.

2.2.8 Justification for IPSAs

There are arguments as to the benefits of the implementation of IPSAS. Some Scholars believe that IPSAS implementation is in the right direction. For instance, Acho (2014) argues that implementation of IPSAS in Nigeria will help in the harmonisation of financial operations and uniformity in the reporting of public sector accounting information and disclosure. Ijeoma and Oghoghomeh (2014) argue 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, whereas some studies caution on the implementation of IPSAS. Chan (2005) argues that IPSAS can make only a limited contribution to institutional capacity building in developing countries. Omolehinwa and Naiyeju (2015) explain that the implementation could be expensive. Given the fact that there is no consensus in the literature, this study investigates the various arguments to contribute to the existing body of knowledge on IPSAS.

2.3 EMPIRICAL REVIEW

This section dealt with empirical studies done in the area of IPSAS.

As recent as 2014, Ijeoma (2014) provided the first empirical study documenting the Impact of International Public Sector Accounting Standard (IPSAS) on reliability, credibility and integrity of Financial Reporting in State Government Administration in Nigeria. The study used survey design together with descriptive design. 45 questionnaires were distributed to respondents and were the ones used for analysis. The study revealed implementation of IPSAS will improve the reliability, credibility and integrity of financial reporting in State Government administration in Nigeria. The study created a vacuum by studying only the IPSAS effect on reliability, credibility and integrity of financial reporting with identifying the performance indices on the level of accountability, transparency, comparative and international best practice. This study will fill the vacuum by determining the impact of IPSAS on the performance of Ministries, Departments and Agencies of Government and recommendations on how to alleviate the challenges.

In a more recent study conducted by Balogun in 2016, The impacts of International Public Sector Accounting Standards in the Nigerian Public Sector. The study revealed that the adoption of IPSAS will enhance comparability and international best practices. The work by Balogun created a gap by stressing mainly on the impacts of IPSAS on the level of comparative and international best practices without proffering possible means of talking about accountability and transparency.

Furthermore, a research study conducted by John, Daibi and James (2016) on “ International Public Sector Accounting Standard and Local Government Financial Management in Nigeria “. The authors found among others that adoption of IPSAS has the huge potential of improving transparency and accountability in local government financial management. John, Daibi and James noted that due to lack of qualified staff to manage the books of the local government and corruption which has taken the central stage in most local government, and these had impede the progress of the local government. The study recommends that the local government should gear up to face the challenges of adopting IPSAS as it has the ultimate benefit of improving local government governance system through its effect on the financial management practices of local authorities. John, Daibi and James work is related to this study because it centers on general impediments to sustainable growth of local government but created a vacuum by not adequately addressing transparency, accountability, comparative and international base practices which this work intent to address.

THEORETICAL FRAMEWORK

An in-depth analysis of this study relies on the existing body of knowledge in the area of a theoretical framework. Two related theories are examined; they are the New Public Management, and Stakeholders theories.

1 The New Public Management (NPM) Theory

An analysis of the need for a transparent and accountability driven governance has generated debate stemming from the New Public Management (NPM). (Onalo, Lizam, and Kaseri, 2013; Andriani, Kober, and Ng (2010). Cortes (2006) explain that NPM focuses on efficiency, performance measurement, fiscal discipline, accountability and transparency. The various theories of governance accommodate that social conflicts are

resolved by a sovereign from a perspective of responsibility as guided by the new public management theory (Bevir 2011; Carrington, DeBuse and Lee 2008). In tandem with NPM, there is a growing consensus concerning the merits of accounting reforms in the public sector (Harun, 2007).

The new public management techniques for the public sector are to facilitate more transparency in government activities, to strengthen the accountability of government, and improve decision-making (Mack, and Ryan, 2006). In response to NPM, Nigeria achieved a historic opportunity to develop a more democratic political system and to improve transparency and accountability. Nigeria adopted a multiparty system for the election of government office holders, with the executive at the central level and governors, and local government heads at the State and local levels respectively.

Also, a set of new accounting standards based on IPSAS was adapted to reform effective and efficient governance in the provision of services to Citizens. IPSAS applies to the underlying principles of recent social, economic, public sector reforms as means to improve the accountability, transparency and public sector governance in Nigeria. The implementation of IPSAS in Nigeria as a part of broader financial management and public sector reforms in line with the doctrine of NPM in the country is still a dream.

2 Stakeholders Theory

Stakeholders' theory is based on the assumption that "values are necessarily and explicitly a part of doing business. It asks managers to articulate the shared sense of the value they create, and what brings its core stakeholders together so as to deliver on their purpose" (Freeman, Wicks, Parmar 2004, p. 1). Financial statements are subject to stakeholders' scrutiny to ascertain their usefulness in line with the Stakeholders theory.

Danescu and Rus (2013) argue that accounting information available should serve the users for their target purpose. The users of the IPSAS in the public sector suggest that its implementation is necessary for measuring performance, accountability by government organisations, efficiency, and effectiveness and decision making to support a proper function of democracy.

Ironically, at the practical level, the implementation of the new policies is not a simple process (Haroun, 2012; Nor-Aziah and Scapens, 2007; Dambrin, Sponem and Lambert, 2007). Thus it is a mistake for technocrats to see the introduction of IPSAS as merely a technical reporting innovation. Government accounting needs a broader theory of government accountability, which can be derived from Herbert Simon's organization theory (Simon, 1945).

When applied to the public sector, the essence of the theory is that a variety of stakeholders have a vested interest in a financially viable government. Their incentive to use a government's financial statement, a source of their collective knowledge of the government comes from their desire to know the amount, timing, and degrees of uncertainty of the benefits they expect to receive from the government (Sunder, 1997). General purpose financial reporting reduces information asymmetry between the stakeholders and government officials in control of government financial accounting system. IPSASs are improvements on general purpose financial reporting. It is a better way to satisfy the stakeholders be it public officers or the citizens. To guard against stakeholders' being short-changed by the government or vice-versa, the implementation of IPSAS is considered a *sinequa-non*. The social contract between the public office holders and the citizens confers legitimacy on the citizens in the stakeholders' basis. To this end, the citizen organises themselves into strata of the private entity and constitute stakeholders by contributing in the running of their affairs in anticipation of benefits.

III. Research Methodology

This Section presents the procedure used in carrying out this study and is organized under the following sub-heading: research design; population of the study, sample and sampling procedures; instrument of data collection; validity of the instrument; reliability of the instrument; and method of data analysis.

IV. Research Design

The study employed a descriptive survey design. A descriptive survey design focuses on the people, beliefs, opinions, attitudes, motivation and behaviours. Though descriptive surveys, researchers identify present conditions, prevailing needs as well as provide information on which to base sound decision (Osuala, 2001). The design is suitable for this study because the study will ascertain the desired goals and objectives of providing useful information through the suggestions given by the respondents with a view of evaluating and appraising the impact of International Public Sector Accounting Standard (IPSAS) on the performance of MDAs in Nigeria.

POPULATION OF THE STUDY

The population for this research is the entire public sector of Nigeria covering government ministries, parastatals, departments, and agencies (MDAs) of Plateau State Accountant General's Office.

SAMPLE AND SAMPLING PROCEDURES

Random sampling procedures were to select the sample size. The sample size comprises of 60 staff of the Plateau State Accountant General’s Office.

INSTRUMENT OF DATA COLLECTION

In order to gain access to useful information with respect to this research work, the following are the sources of information;

- (a)The use of Questionnaire; (b) Information from internet browsing
- (c)The use of library prepared in the basis of it is internationally comparable.

VALIDITY OF INSTRUMENT

The research questions were distributed to staff in the office of the Plateau State Accountant General, not clients or customers. Majority of them were senior staff who had at least 10 years’ experience. This shows that information gathered from them will be valid since they are adults who are experienced in the field of Accounting.

RELIABILITY OF INSTRUMENT

Questionnaires were administered to some of the staff after two weeks and the information given was the same no significant changes were made.

METHOD OF DATA ANALYSIS

The method of data analysis used was the inferential statistics.

Hypotheses formulated were tested and validated using the Chi-Square test(X^2) statistics.

FORMULAR
$$X^2 = \frac{(O_1 - E_1)^2}{E_1}$$

The Following Are The Statistical Notations:

H0: is null hypothesis

H₁ is alternative hypothesis

O₁: is observed data (frequency)

E₁: is expected data (frequency)

X_C: is the computed X² (Chi-square)

X_T: is the theoretical X² (Chi-square)

Level of significance in obtaining XT is 5%.

PRESENTATION OF DATA

This was made effective with the use of tables, graphs, charts in addition to verbal description. To this effect, the information gathered was presented in the form of tables. It was possible for the researcher to work out the numbers of respondents to each question by going through the questionnaires’ returned. All data collected and findings were carefully analyzed and discussed with utmost sincerity

Table 1: Adoption of IPSAS will increase the level of Accountability and transparency in the Public Sector in Nigeria.

	Strongly Agree	Agree	Undecided	Strongly Disagree	Disagree	Total
Frequency	31	8	1	0	0	40
Percentage	77.5	20	2.5	0	0	40

Source: Field Survey, 2018

From the above table, 31 persons strongly agreed, 8 agreed, 1 was undecided, none strongly disagreed and none disagreed. Hence, 77.5% of the respondents strongly agreed, 20% agreed that adoption of IPSAS will increase the level of accountability and transparency in public sector of Nigeria, 0% strongly disagreed, 0% disagreed with the notion while 2.5 were undecided.

This shows that it is proven that adoption of IPSAS will increase the level of accountability and transparency in the public sector of Nigeria.

Table 2: Adoption of IPSAS will increase the level of Comparability and international best practices

	Strongly Agree	Agree	Undecided	Strongly Disagree	Disagree	Total
Frequency	5	22	4	3	6	40
Percentage	12.5	55	10	7.5	15	100

Source: Field Survey, 2018

From the above table, 12.5% strongly agreed, 55% agreed, 10 were undecided, while 7.5% strongly disagreed and 15% of the respondents disagreed that the adoption of IPSAS will enhance comparability and international best practices.

ANALYSIS OF DATA

Level of significance used in obtaining XT is 5%. Given that the degree of freedom is n-1 where n=5. Therefore the degree of freedom is 5-1=4.

X2 from the statistics table = 9.488 at 0.05 level of significance.

Hypothesis Testing

H0: The adoption of IPSAS will not increase the Level of Accountability and Transparency in Public Sector of Nigeria

Hypothesis 1

Observed Frequency=5

Expected Frequency=40/5

observation	Observed Frequency	Expected Frequency
Strongly Agreed	31	8
Agreed	8	8
Undecided	1	8
Strongly Disagreed	0	8
Disagreed	0	8

Source: Field Survey, 2018

$$X2_{Cal} = \frac{(O1 - E1)^2}{E1}$$

Where:

X2 = Value of Chi-Square symbol

O1 = Value of the observed frequency

E1 = Value of the expected frequency

Computation Table for Chi-Square Test Statistics

Observation	O ₁	E ₁	(O ₁ -E ₁) ²	$\frac{(O_1-E_1)^2}{E_1}$
Strongly Agreed	31	8	529	66.125
Agreed	8	8	0	0
Undecided	1	8	49	6.125
Strongly Disagreed	0	8	64	8
Disagreed	0	8	64	8
Total	40	-	-	88.25

Source: Field Survey 2018

SIGNIFICANT LEVEL:

Denoted as $\alpha = 0.05$

X2_{0.05} (K-1) Where K= 5

X2_{0.05} (5-1)

= X2_{0.05} (4)

=9.488

DECISION RULE:

Reject H0 if X2_{cal} > X2_{tab}.e. Reject H0 if Chi-Square Calculated 88.25 is greater than Chi-Square Tabulated 9.488.

DECISION:

Since X2_{Cal} 88.25 is greater than X2_{tab}, 9.488 reject H0.

CONCLUSION:

Since the X2_{calculated} of 88.25 is greater than the critical X2_{tabulated} value which is 9.488, Chi-Square is significant. Therefore, null hypothesis H0 is rejected. Thus, adoption of IPSAS will increase the Level of Accountability and Transparency in Public Sector of Nigeria.

Hypothesis 2

H0 : The adoption of IPSAS will not enhance comparability and international best practice in public sector of Nigeria.

Observed Frequency =5

Expected Frequency =40/5=8

observation	Observed Frequency	Expected Frequency
Strongly Agreed	5	8
Agreed	22	8
Undecided	4	8
Strongly Disagreed	3	8
Disagreed	6	8

Source: Field Survey, 2018

$$X_2\text{Cal} = \frac{(O_1 - E_1)^2}{E_1}$$

Where X_2 = Value of Chi-Square symbol

O_1 = Value of the observed frequency

E_1 = Value of the expected frequency

Computation Table for Chi-Square Test Statistics

Observation	O_1	E_1	$(O_1 - E_1)^2$	$\frac{(O_1 - E_1)^2}{E_1}$
Strongly Agreed	5	8	9	1.125
Agreed	22	8	196	24.5
Undecided	4	8	16	2
Strongly Disagreed	3	8	25	3.125
Disagreed	6	8	4	0.5
Total	40	-	-	31.25

Source: Field Survey 2018

SIGNIFICANT LEVEL:

Donated as = 0.05

X_2 0.05(K-1) Where K=5

$X_{20.05}$ (5-1)

= $X_{20.05}$ (4) =9.488

DECISION RULE:

Reject H_0 if $X_{2cal} > X_{2tab}$ i.e. Reject H_0 if Chi Square Calculate 31.25 is greater than Chi-Square Tabulate 9.488.

DECISION:

Since X_{2cal} 31.25 is greater than X_{2tab} 9.488 reject H_0

4.3 DISCUSSION OF FINDINGS

The adoption of IPSAS will increase the Level of Accountability and transparency in Public Sector of Nigeria. The adoption of IPSAS will enhance comparability and international best practice, which is a positive effect in the public sector.

There is grave need for increased uniformity in the standards guiding financial statements. Uniformity in the financial statement would make it comprehensible and convene the same information to users across the world. As a result of greater accountability and transparency, adoption of IPSAS will improve Value for Money (VFM) expenditure.

V. Conclusion

This study examined the impact of International Public Sector Accounting Standards on the performance of MDAs Nigeria. Nigeria is expected to adopt the International Public Sector Accounting Standards in 2014. Sequel to Nigeria’s implementation and adoption of this accounting standard, the present study examined possible benefits of adopting the system.

From the findings of the study, it was observed that adoption of IPSAS is expected to increase the level of accountability and transparency in Ministries, Departments and Agencies of Government. It was found that the adoption of IPSAS will enhance comparability and international best practices. Also, it was denoted that adoption of IPSAS based standards will enable the provision of more meaningful information for decision makers and improve the quality of financial reporting system in Nigeria.

In addition, it was denoted that adoption of IPSAS by Nigerian government will improve comparability of financial information reported by public sector entities in Nigeria and around the world. Hence, we conclude that the adoption of IPSAS in Nigeria is expected to impact operating procedures, reporting practices and hence strengthen good governance and relations with the government and the governed.

RECOMMENDATIONS

In essence, from the result and findings of the present study, the researcher recommends:

- I. that government should engage professionals to drive the process and also involve external professionals to leverage best practices; due to the challenges of availability of electricity and internet services especially in the rural areas hosting majority of local governments,
- II. we recommend for a start and centralization of the operations in terms of record keeping at the state capitals;
- III. Finally, since the benefits of IPSAS adoption cannot be quantified as argued in the present study, the researcher recommends the adoption of International Public Sector Accounting Standards in Nigeria.

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