

The Impact Of International Public Sector Accounting Standard (IPSAS) On Reliability, Credibility And Integrity Of Financial Reporting In State Government Administration In Nigeria

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ABSTRACT: This study evaluated the impact of International Public Sector Accounting Standard (IPSAS) on reliability, credibility and integrity of financial reporting in State Government Administration in Nigeria. The purpose of this study is to ascertain the impact of International Public Sector Accounting Standard (IPSAS) on reliability, credibility and integrity of financial reporting in State Government administration in Nigeria. The findings of this study showed that implementation of IPSAS will improve the reliability, credibility and integrity of financial reporting in State Government administration in Nigeria. Also, it was observed that implementation of IPSAS based standards can facilitate efficient internal control and result based financial management in the public sector of Nigeria. Equally, it was found that implementation of IPSAS can enhance Federal Government's goal to significantly deliver services more effectively and efficiently. Accountability is no doubt the hallmark for good governance, if Nigeria is to be a member of the twenty most developed nations of the world by the year 2020, political office holders, citizens and all stakeholders in the Nigerian project should embrace integrity, transparency and accountability in the management of public funds. Furthermore, we concluded that implementation of IPSAS by public sectors in Nigeria will not only impact positively on reliability, credibility and integrity of financial reporting but is expected to pave way for a uniform chart of financial reporting by the three tiers of Government in Nigeria.

Keywords : Credibility; Reliability; Financial Reporting; Accountability; Governance; Implementation

1 INTRODUCTION

The International Public Sector Accounting Standards Board (IPSASB) develops accounting standards for public sector entities referred to as International Public Sector Accounting Standards (IPSASs). The IPSASB is among the four independent standard-setting boards of International Federation of Accountants (IFAC). IFAC is the global organization for the accountancy profession dedicated to serving the public interest by strengthening the profession and contribution to the development of strong international economies. It was founded in 1977; IFAC is comprised of 173 members and associates in 129 countries and jurisdictions which include Nigeria. IFAC is expected to serve the public interest by: (a) contributing to the development, adoption and implementation of high quality international standards and guidance; (b) contributing to the development of strong professional accountants; (c) promoting the value of professional accountants; (d) speaking out on accounting public issues. The IPSASB an independent standard-setting organ of IFAC responsible for developing accounting standards for public sector entities is focused on ensuring consistent and comparable financial information across jurisdiction. The IPSASB recognizes the significant benefits of achieving consistent and comparable financial information across jurisdictions and it believes that the IPSASs will play a key role in enabling these benefits to be realized. The IPSASB issues IPSASs dealing with financial reporting under the cash basis of accounting and the accrual basis of accounting. The accrual IPSASs are based on the International Financial Reporting Standards (IFRSs), issued by the International Accounting Standards Board (IASB), where the requirements of those Standards are applicable to the public sector. They also deal with public sector specific financial reporting issues that are not dealt with in IFRSs. IPSAS refers to the recommendations made by the IPSAS Board under the auspices of the International Federation of Accountants. The

IPSASB strongly encourages governments and national standard-setters to engage in the development of its standards by commenting on the proposals set out in its exposure drafts and consultation papers. The members of the IPSASB are appointed by the IFAC Board. The IPSASB comprises a total of 18 members, 15 of whom are nominated by member or organizations of the IFAC. The other three are public members and can be nominated by any individual or organization. The countries represented on the IPSASB include: Australia, Canada, China, France, Germany, Japan, Kenya, Morocco, New Zealand, Pakistan, Romania, South Africa, United Kingdom, United States of America and Uruguay [1]. IPSAS are accepted for accounting for funds provided under World Bank Programs. Developing countries are urged to adopt IPSAS by international organizations which provide financial assistance to developing countries. Other countries, regardless of their political and economic systems, are encouraged to harmonize their national standards with IPSAS. Thus, IPSAS have become *de facto* international benchmarks for evaluating Government accounting practices worldwide. For these reasons, IPSAS deserves the attention of accounting policy-makers, practitioners and scholars alike, [2]. IPSAS seeks to improve the quality of general purpose financial reporting by public sector entities, leading to better informed assessments of the resource allocation decisions made by governments, thereby increasing transparency and accountability. IPSAS can be applied by national, state and local governments as well as related government entities. The adoption of IPSAS by Governments is expected to improve both the quality and comparability of financial information reported by public sector entities around the world. The IPSASB recognizes the right of Governments and national standard-setters to establish accounting standards and guidelines for financial reporting in their jurisdictions. Public sector can be described as entities or organizations that implement public policy through the provision of services and the redistribution of income and wealth, with both

activities supported mainly by compulsory tax or 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 [3]. However, IPSASs do not apply to government business enterprises. A government business enterprise within the meaning of IPSASs is an entity that has the following characteristics: (a) it is an entity with the power to contract in its own name; (b) it has been assigned the financial and operational authority to carry on a business; (c) it sells goods and services, in the normal course of its business, to other entities at profit or full cost recovery; (d) it is not reliant on continuing government funding to be a good concern (other than purchase of outputs at arm's length) and (e) it is controlled by a public sector entity. The IPSASB develops IPSASs for financial statements prepared on the accrual basis of accounting as well as for financial statements prepared on the cash basis of accounting. IPSASs govern the recognition, measurement, presentation and disclosure requirements in relation to transactions and events in general purpose financial statement. Such financial statements are characterized by the fact that they are issued for users who are unable to demand financial information to enable them meet their specific information needs. Public sector accounting is a system or process which gathers, records, classifies and summarizes 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 and disbursement and rendering of stewardship of public funds entrusted, [4]. Government accounting refers to a government's financial information systems and financial disclosure practices. Its state of development results from the interaction between the supply of and demand for Government financial accountability and transparency. Since it is costly everywhere to produce and disseminate information, Governments in all types of political systems lack the economic incentives to do so. However, some political systems exert a greater demand for government accountability and transparency than others; for example, representative democracies are more demanding than authoritarian and totalitarian political systems. In a democracy, the government is obliged to be more responsive to information demands placed upon it. This would be the case in developed countries and developing countries alike. However, the opportunity cost of resources used in improving government financial information is higher in developing countries than in developed countries. Therefore, even if Governments in democratic developing countries are willing to undertake government accounting reform, they may be unable to afford it; Governments in non-democratic developing countries are both reluctant to undertake and unable to afford Government accounting reforms. Local accounting standards in Nigeria were set under the Nigerian Accounting Standards Board Act of 2003 by the Nigerian Accounting Standards Board (NASB). Originally established in 1982 as a private sector initiative housed in the Institute of Chartered Accountant of Nigeria (ICAN), Nigerian Accounting Standards Board became a government agency in 1992 and reports to the Federal Ministry of Commerce. Its membership includes representatives of Government and relevant interests groups. The primary role of the Board is to ensure that published financial statements are uniform in content and in format and communicate precisely what

they purport to convey. Timely, clear and open annual financial statements play a significant role in the accountability of governments to their citizens and their elected representatives. These financial statements are prepared on a cash basis or some variation of an accrual basis of accounting. However, most of these financial statements are not prepared on a consistent or comparable basis in developing countries. The benefits of achieving consistent and comparable financial information across jurisdictions are very important and a set of International Public Sector Accounting Standards (IPSAS) have been established by the IPSAS Board to assist in that endeavour, [5]. In addition, [6], reported that basically, a country's accounting and disclosure system is part of its financial system and more generally its institutional infrastructure. This is geared towards the informational and contracting needs of the key parties in the economy and its role in corporate governance and the capital market. Since the accounting system is complementary to other elements in the institutional framework, a fit between them is likely what results in different accounting system and infrastructural regimes across countries. The concerns for harmonization of accounting standards and later, convergence in the 1990s with International Reporting Standards are due to the globalization of the capital markets. In fact, it is believed that accounting harmonization is necessary for the globalization of capital markets, [7]. According to [2], the major assumptions of IPSASs are:

1. There are so many common transactions in the private and public sectors that it is possible, and indeed preferable to have one set of generally accepted accounting principles for both sectors. Most IPSASs can therefore be set by making modest changes to the standards promulgated by the international (Business) Accounting Standard Board (IASB). Additionally, the IPSASs Board would establish standards for transactions and events unique to the public sector.
2. Since business firms annually prepare consolidated financial statement under the accrual basis, it is expected that governments should do the same. Consolidated financial statements cover a primary organization and its subsidiaries in which the primary organization has a majority ownership interest. The accrual basis used by business firms regards sale (not production) of goods and services as the criterion for judging financial performance.
3. Accounting standards are more objective and of a higher quality if they are set by an expert group independent of the organizations, obliged to follow the standards. For the public sector, independence can be achieved or at least enhanced by giving the task to a private sector body, an advisory board, or increase the number of public (non-government) members.
4. Accounting standard should be produced through due process. Due process means that research and deliberation should precede decisions. Furthermore, adequate opportunities are provided for interested parties to provide input before standards are finalized.

Table 1: International Public Sector Accounting Standards Summarized

IPSAS	Standard	Based on
IPSAS 1	Presentation of Financial Statements	IAS 1
IPSAS 2	Cash Flow Statements	IAS 7
IPSAS 3	Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8
IPSAS 4	The Effects of Changes in Foreign Exchange Rate	IAS 21
IPSAS 5	Borrowing Costs	IAS 23
IPSAS 6	Consolidated and Separated Financial Statements	IAS 27
IPSAS 7	Investments in Associates	IAS 28
IPSAS 8	Interests in Joint Ventures	IAS 31
IPSAS 9	Revenue from Exchange Transactions	IAS 18
IPSAS 10	Financial Reporting in Hyperinflationary Economies	IAS 29
IPSAS 11	Construction Contracts	IAS 11
IPSAS 12	Inventories	IAS 2
IPSAS 13	Leases	IAS 17
IPSAS 14	Events After the Reporting Date	IAS 10
IPSAS 15	Financial Instrument: Disclosure and presentation	IAS 32
IPSAS 16	Investment Property	IAS 40
IPSAS 17	Property, Plant and Equipment	IAS 16
IPSAS 18	Segment Reporting	IAS 14
IPSAS 19	Provision, Contingent Liabilities and Contingent Assets	IAS 37
IPSAS 20	Related Party Disclosures	IAS 24
IPSAS 21	Impairment of Non-Cash-Generating Assets	IAS 36

IPSAS 22	Disclosure of Financial Information About the General Government Sector	No corresponding IFRS
IPSAS 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)	No corresponding IFRS
IPSAS 24	Presentation of Budget Information in Financial Statements	No corresponding IFRS
IPSAS 25	Employee Benefits	IAS 19
IPSAS 26	Impairment of Cash-Generating Assets	IAS 36
IPSAS 27	Agriculture	IAS 41
IPSAS 28	Financial Instruments: Presentation	IAS 32
IPSAS 29	Financial Instruments: Recognition and Measurement	IAS 39
IPSAS 30	Financial Instruments: Disclosures	IFRS 7
IPSAS 31	Intangible Assets	IAS 38
IPSAS 32	Service Concession Arrangements: Grantor	International Financial Reporting Interpretations Committee (IFRIC) 12

However, the global adoption of IPSAS is based on the facts and values hinged on the following: (a) Accountability: while the private sector will observe management as being accountable solely to business owners, public managers are accountable to multiple stakeholders and more directly to elected officials and ultimately to the people; (b) Transparency: IPSAS promotes openness and access to information by citizens and their understanding of decision-making mechanisms, thereby bridging the divide between the government and the governed; (c) International benchmark: IPSAS has become the global accounting language of countries around the world, necessary for information sharing and comparability; and (d) Aggregate reporting: IPSAS encourages an all-encompassing financial reporting where consolidation is not the only level of aggregation. It also encourages columns for governmental and business activities revealing the true and actual position of government's finances. [8], reported that the World Bank in collaboration with the office of the Accountant-General conducted research and found that the 2010 financial report of Nigeria has no record in the consolidated account for external aids and grants; no complete disclosure of financial activities of controlling entities such as Nigeria Ports Authority (NPA), Nigeria National Petroleum Corporation (NNPC) and Central Banks of Nigeria (CBN); unrealistic gains/losses due to foreign exchange were not reported; payments on behalf of third parties were not disclosed; inability of controlling entities of the

Federal Government of Nigeria to pay their account as at when due; no account for undrawn assistance and inadequate disclosure of cash out of direct controls for instance under litigation. Kaufman [9], argued that an emphasis on accountability by citizens is one aspect of the growing emphasis on eliminating corruption and promoting transparency in Government. However, the issue of accountability in Nigeria is a fundamental problem because of the high level corruption in all levels of government in the country. The Transparency International global Corruption Perception Index in October 2010 ranked Nigeria 134th from its 130th position in 2009 and 121 in 2008. Institute of Chartered Accountants-Ghana [4], opined that Government budget size and the contribution of public expenditure to Gross Domestic Product are very great especially in developing economies. There is a thin line between the public sector and private sector accounting when looking at concepts and techniques that are employed. Further, the emerging need and use of information technology by both the public and private sectors have made the issue of public sector accounting a pertinent part of accounting studies in the world. Adegite [10], reported that corrupt tendencies pervaded the strata of the Nigerian society so much that the youths, who are supposed to be the leaders of tomorrow, are neck deep in examination malpractice, 419 and internet fraud. She recommends that for Nigeria to be among the most developed economies in 2020 there is critical need for the nation's value system to be strengthened through the reintroduction of civics and ethics into the curricula of the educational system while a national orientation for the rebirth of the value system should be urgently initiated. According to [11], the World Bank estimated that about 5 percent of gross domestic product worldwide is lost to corruption such as misuse of funds and embezzlement. As a result of such statistics, fighting corruption has become a priority of international organizations. Keefer and Khemani [12], reported that even in developing countries that are democratic, politicians often have the incentives to divert resources to political rents and to private transfers that benefit a few citizens at the expense of the many. Thus, the call for action to strengthen public sector accounting and auditing, and indeed strengthen all aspects of what might broadly be referred to as public sector financial management is the major key to checkmate such irregularities in most developing nations. Nweze [13], concluded that the adoption and implementation of IPSAS would revolutionize public sector accounting in a country like Nigeria, thus making the Government take rational decisions that will bring about sustainability of fiscal policy setting and impact on the macro-economic variables and capital flow. One can now argue the feasibility and possibility of these statements considering the fact that IPSAS adoption is a complex and comprehensive change management process. Moreover, the proponents of IPSAS adoption have not considered the challenges that may be posed in harmonizing the gap between the cash basis and accrual basis. The transition to IPSAS might require a significant amount of review and analysis of organizational process together with the formulation of policies and guidance. It is also worthy to note some of the problems bedeviling proper financial reporting in public sectors in Nigeria which include: Delay in receiving reports from one section with subsequent delay in preparing financial reports, Delay in presentation and preparation of annual financial statements, untimely reconciliation of accounts, actual values of expenditure are not reported due to over invoicing, using untrained personnel to do accounting work, in-

consistency in Government accounting system making comparison impossible and negative attitude of Government functionaries towards accountability. The researcher wonders if the adoption of IPSAS in the financial reporting system of the three tiers of Government in Nigeria will actually put a stop to these problems. 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 Reliability, Credibility and Integrity of Financial Reporting in State Government administration in Nigeria.

2 LITERATURE REVIEW

The objective of general purpose financial statements is to provide information to meet the need of those users of financial statements who are not in position to demand reporting update to their need. The users of general purpose financial statements include taxpayers, members of parliaments, creditors, suppliers, the media and public sector employees. Financial statements prepared in accordance with IPSASs must present fairly the financial position, financial performance and cash flows of an entity. In order to meet this requirement, a public sector entity must first of all observe general qualitative characteristics of financial reporting. Such qualitative characteristics of financial reporting are fundamental principles for preparing financial statements in accordance with IPSASs. The four principal qualitative characteristics are understandability, relevance, reliability and comparability [1]. These principles ensure that the users of financial statements are provided with useful information for decision-making purpose. Constraints on relevant and reliability of information include; timeliness, balance between benefit and cost, and balance between qualitative characteristics. 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 [14], the public sector can be defined as that sector of the economy established and operated by the government or, its agencies, distinguished from the private sector and organized on behalf of the whole citizens. The primary motive of the public sector is to provide services to the citizens and not to maximize profit. The public sector in Nigeria consists of: the Federal Government such as its ministries, departments and agencies like Central Bank of Nigeria (CBN), Independent National Electoral Commission (INEC) and Nigeria Ports Authority (NPA), the state government represented by its ministries, departments and its agencies, the local governments. Speaking on the need for a suitable framework for public sector accounting, [15], argued that sound public sector accounting rests on an articulate framework which has been defined to reflect best practices around the world. To this end, a conceptual framework for public sector accounting is structured to reflect objectives and scope, recognition and measurement criteria, definition and qualitative characteristics of financial information shown in financial and accounting reports of public sector accounting entities. They explain that, the conceptual framework describes the period and time frame of financial reporting of government levels. It is the heart of financial re-

porting in the government sector. It spells out the Government accounting principles and forms the basis for the preparation and publication of budgets, maintenance of complete financial records, provision of full disclosures and submission to full audit. In other words, the framework helps monitor incomes, expenses, assets and liabilities and assists the assessment of financial consequences of transactions and events. This finally leads to producing user-friendly financial reports on a periodic basis. Without doubt, accountability is all about being answerable to those who have invested their trust, faith, and resources to one. Adegite [10], defined accountability as the obligation to demonstrate that work has been conducted in accordance with agreed rules and standards and the officer reports fairly and accurately on performance results vis-à-vis mandated roles and plans. It means doing things transparently in line with due process and the provision of feedback. Premchand [16], observed that the capacity to achieve full accountability has been and continues to be inadequate, partly because of the design of accountability itself and partly because of the widening range of objectives and associated expectations attached to accountability. He further argued that if accountability is to be achieved in full, including its constructive aspects, then it must be designed with care. The purpose of accountability should go beyond the naming and shaming of officials, or the pursuit of sleaze, to a search for durable improvements in economic management to reduce the incidence of institutional recidivism. The future of accountability consists in covering the macro aspects of economic and financial sustainability, as well as the micro aspects of service delivery. It should envisage a three-tier structure of accountability: that of official (both political and regular civil employees), that of intra-governmental relationships and that between government and their respective legislatures, [17]. Egwuonwu [18], suggested that mere timely submission of annual reports and accounts is unlikely to solve the problem of public accountability, rather those reports should be made and incorporated in the observances of the prevailing standard of financial reporting. Hence, accountability is the link in the seemingly perpetual level of analysis controversy and the connection between individual decision makers and collectives within which they live and work in institutions. Johnson [19], opined that public accountability is an essential component for the functioning of our political system, as accountability means that those who are charged with drafting and carrying out policy should be obliged to give an explanation of their actions to their electorate. Speaking on the challenges of accountability, [20] argued that the factors and forces which militate against accountability in Nigeria include ethnicity and tribalism, corruption, religious dichotomy and military culture. According to [21], huge amount of Naira is lost through one financial malpractice or the other in Nigeria, which has kept draining the nation's meagre resources through fraudulent means with far-reaching and attendant consequences on the development or even socio-economic or political programmes of the nation. Put another way, every year, billions of Naira is lost in the public sector of Nigeria through fraudulent means. This represents only the amount that is ferreted out and made public. Indeed much more substantial or huge sums are lost in undetected frauds or those that are for one reason or the other, hushed up. Appah and Appiah [22], argues that cases of fraud is prevalent in the Nigerian public sector that every segment of the public service, could seem to be involved in one way or the other in some of these nasty acts. He pointed out that the number and mone-

tary value of public sector activities has increased substantially in recent years. This increase in activities has brought with it an increased demand for accountability of public officers who manage these activities of the public. Tanzi [23], noted that good governance is an essential part of a framework for economic and financial management which includes: macroeconomic stability; commitment to social and economic equity; and the promotion of efficient institutions through structural reforms such as trade liberalization and domestic deregulation. Poor governance may result from factors such as incompetence, ignorance, lack of institutions, the pursuit of economically inefficient ideologies, or misguided economic models. It is often linked to corruption and rent seeking. According to [24], reported that serious consideration is being given to the need to be more accountable for the often vast amounts of investment in resources at the command of governments, which exercise administrative and political authority over the actions and affairs of political units of people. Government spending is a very big business and the public demands to know whether the huge outlays of money are being spent wisely for public interests. Accountability is a fundamental value for any political system. Citizens should have the right to know what actions have been taken in their name, and they should have the means to force corrective actions when government acts in an illegal, immoral, or unjust manner. Olamide [25], added that the major corporate collapses and related frauds which occurred in Nigeria and around the world have raised doubts about the credibility of operating and financial practices of institutions in Nigeria. He noted that the effect of the doubts has stirred a number of professional and regulatory organizations/institutions to recommend reforms that will improve transparency in financial reporting system in order to increase audit quality and corporate practices. In many developed nations, the applications of sound financial system are not new unlike in Nigeria where it is just evolving. According to [26], 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). Lipman [27], indicated that best practices in corporate governance must embrace the structure of the board of directors, operation of the board of directors and other corporate governance practices. In addition, he stressed that at the long run, the benefits to the organization for adopting the best practices must substantially exceed the cost of implementation. Hong Kong Society of Accountants [28], associated the origin of corporate governance to the desire to improve transparency and accountability in financial reporting by listed companies to their shareholders. The Sarbanes-Oxley Act 2002 which was a by-product of the corporate governance challenges in America provided that management had the responsibility to establish and maintain adequate internal control structure and procedures for financial reporting. Omolehinwa and Naiyeju [29], opined that the

nature of government accounting has the purpose of determining how much money was received and its sources, how much was spent and for what purposes and the financial obligations accrued. Profit is not the main focus in this scenario; unlike the private sector which has profit as the prime purpose and determining the profit of the business over a given period. Hence, many factors influence government accounting such as the role of government in the different fields like the armed forces, health and education and the policies set by government to achieve its aspirations and goals. Thus, government accounting is interested in information gathering that will enable her to prepare Receipts and Payments accounts. According to [30], the transition to IPSAS and the presentation of accrual based financial statement will have a significant impact on oversight tasks. To ascertain IPSAS compliance, auditors, internal and external will need to determine whether appropriate internal control and corresponding testing procedures were put in place by management, as well as how effective these procedures proved to appear. In order to effectively comprehend IPSAS, the auditors will equally have to understand and use pronouncements from International Auditing and Assurance Standards Board (ISAASB), International Organization of Supreme Audit Institutions (INTOSAI). INSTOSAI includes the Auditors General from almost all national government audit department around the world; Nigeria is a member. Also, information communication technology (ICT) is the backbone of modern business activities, productivity, trade and social development. For a developing country like Nigeria, effective deployment of ICT in IPSAS implementation will enhance detailed disclosure that will lead to accountability and transparency.

3 MATERIAL AND METHODOLOGY

3.1 Data Collection

This study focused on all accounting departments of various ministries in Awka, the capital of Anambra State, Nigeria. The element of the population consist of junior, intermediate, senior and professional accountants, auditors (internal and external), cash officers as well as some accounting lecturers in Nnamdi Azikiwe University Awka. The population size was forty-five (45) and 40 samples were drawn using the Taro Yamane sample size determination technique at 95% confidence level (see [31]). Hence, primary source of data collection was employed for data generation. The ministries and the local government finance and treasury departments where response were drawn from include: Ministry of Finance, Ministry of Environment, Ministry of Education, Office of the Head of Service, Ministry of Economic Planning and Budget, Ministry of Housing and Urban Development, Ministry of Information and Culture, Ministry of Justice, Ministry of Housing, Works and Transportation, Ministry of Science and Technology, Ministry of Women Affairs, Ministry of Health, Office of Local Government Auditors in Awka, Local Government Service Commission (LGSC) Awka and Accounting Lecturers of Nnamdi Azikiwe University Awka. The statistical tools used were the Chi-square test, Kruskal Wallis test and descriptive analysis.

4 ANALYSIS AND RESULT

4.1 Kruskal-Wallis Test on whether the implementation of IPSAS will improve the Reliability, Credibility and Integrity of Financial Reporting in State Government Administration in Nigeria

H00: Implementation of IPSAS will not improve the Reliability, Credibility and Integrity of Financial Reporting in State Government administration in Nigeria

H01: Implementation of IPSAS will improve the Reliability, Credibility and Integrity of Financial Reporting in State Government administration in Nigeria

Table 2: Ranks

	Option	N	Mean Rank
Responses	1.00	6	26.33
	2.00	6	21.67
	3.00	6	14.25
	4.00	6	6.83
	5.00	6	8.42
	Total	30	

Table 3: Test Statistics^{ab}

	Responses
Chi-Square	22.730
df	4
Asymp. Sig.	.000

a. Kruskal Wallis Test

b. Grouping Variable: Option

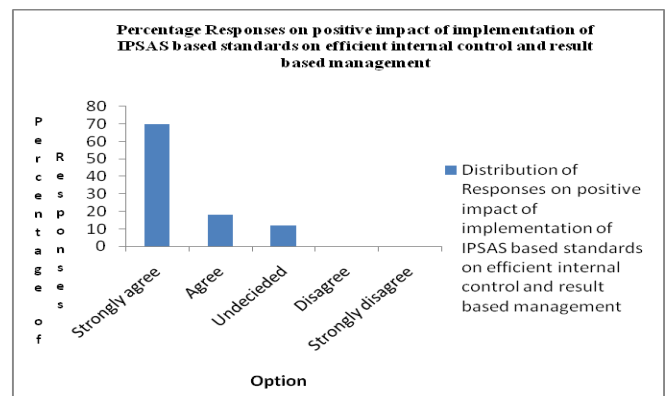


Fig 1. Percentage Distribution of Responses on positive impact of implementation of IPSAS based standards on efficient internal control and result based management

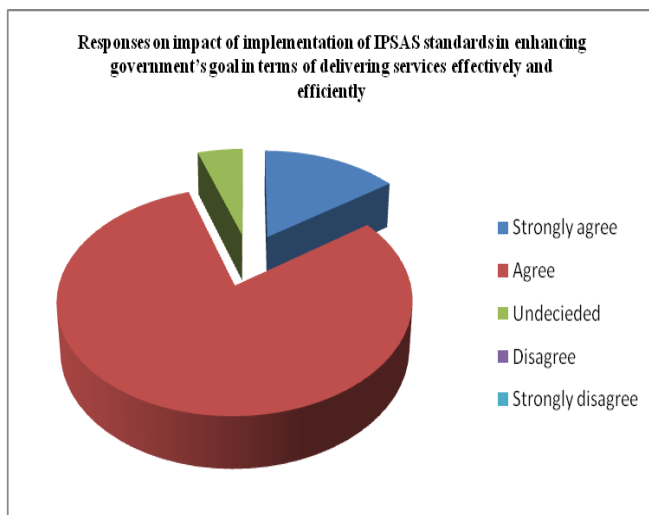


Fig 2. Percentage Distribution of Responses on impact of implementation of IPSAS standards in enhancing government's goal in terms of delivering services effectively and efficiently

5 DISCUSSION

Result of the analysis presented in Table 2 showed that most of the respondents agreed that the implementation of IPSAS will improve the reliability, credibility and integrity of financial reporting in State Government administration since the highest mean rank of 26.33 was obtained for option "Agree". Table 3 expressed that the implementation of IPSAS will improve the reliability, credibility and integrity of financial reporting in State Government administration since the Chi-Square measure obtained was 22.73 and a corresponding p-value of 0.00 which falls on the rejection region of the hypothesis. Hence, the null hypothesis was rejected since the $p\text{-value} = 0.00 < \alpha = 0.05$, assuming a 95% confidence level. This result implies that the implementation of IPSAS will improve the reliability, credibility and integrity of financial reporting in State Government administration in Nigeria. Figure 1 showed that majority (70%) of the respondents believe that implementation of IPSAS based standards makes it possible for efficient internal control and result based financial management in the public sector of Nigeria. Also, Figure 2 showed that majority (80%) of the respondents claim that implementation of IPSAS will enhance Government's goal to significantly deliver services more effectively and efficiently.

6 CONCLUSION

This study evaluated the impact of International Public Sector Accounting Standard (IPSAS) on reliability, credibility and integrity of financial reporting in State Government Administration in Nigeria. Accounting standards are more objective and of a higher quality if they are set by an expert group independent of the organizations obliged to follow the standards. Hence, the knowledge that weak public sector accounting, auditing and financial management can lead to economic crises is not to be overemphasized. The findings of this study showed that implementation of IPSAS will improve the reliability, credibility and integrity of financial reporting in state Government administration in Nigeria. Also, it was observed that implementation of IPSAS based standards can facilitate efficient internal control and result based financial management in the public sector of Nigeria. Equally, it was found that implementation of IPSAS

can enhance federal government's goal to significantly deliver services more effectively and efficiently. Accountability is no doubt the hallmark for good governance, if Nigeria is to be a member of the twenty most developed nations of the world by the year 2020, political office holders, citizens and all stakeholders in the Nigerian project should embrace integrity, transparency and accountability in the management of public funds. Furthermore, we concluded that implementation of IPSAS by public sectors in Nigeria will not only impact positively on reliability, credibility and integrity of financial reporting but is expected to pave way for a uniform chart of financial reporting by the three tiers of Government in Nigeria. Based on the finding of this study we recommend that the Federal Government of Nigeria should put in place an enabling legislative framework that would aid the smooth onset of IPSAS implementation in Nigeria. Government should engage professionals to drive the process and also involve external professionals to leverage best practice. In addition, there is serious need for quality training and retraining of relevant staff to fully understand IPSAS.

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