IOSR Journal Of Humanities And Social Science (IOSR-JHSS)
Volume 21, Issue 4, Ver. 07 (Apr. 2016) PP 40-51
e-ISSN: 2279-0837, p-ISSN: 2279-0845.
www.iosrjournals.org

International Public Sector Accounting Standards Adoption and Financial Transparency in the Nigerian South Eastern States Public Sector: A Case of Ebonyi and Enugu States

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***Abstract*: *The study aims at determining the implications of IPSASs adoption on financial transparency in the South Eastern Nigerian Public Sector with emphasis on its effects on credibility and comparability of financial statements prepared and presented in Ebonyi and Enugu States of Nigeria. The study which adopted survey design collected data using five point likert-scale questionnaire which was administered on sample of 88 out of 112 Accountants and Internal Auditors in the ministries of finances of Ebonyi and Enugu States of Nigeria. The data was analyzed using tables, likert scale rating, percentage and mean score statistics. Two hypotheses formulated were tested using one-way ANOVA model via Prism GraghPad at 5% level of significance. Findings unveil that IPSASs adoption enhances financial transparency in the Nigerian public sector as the standards pave way for improved credibility of financial statements and also enhances comparability of financial information in the public sector. This implies that the economy of Nigeria will witness high level of transparency in her public entities off if full implementation and sustenance of IPSASs is made in the country. The study recommends that Nigerian government should provide the necessary requirements for full implementation and sustenance of IPSASs in the public sector if it is actually wants to enhanced credibility of financial information and at the same time prepare financial statements that can be comparable any where in the world.*

Keywords: *Ebonyi, Enugu, Financial, IPSAS, Nigerian Public Sector, transparency*

I. INTRODUCTION

Globally, most world leaders in addition to performance of their constitutional duties and maintain legitimacy, strive to determine how best to sustain and improve on the economy of their country. Of course, the recent global economic crisis such as the 2007 global financial crisis; 2008-2009 meltdown of financial market; 2009- 2012 European debt crisis and now the crude oil price fluctuations in the oil international market have challenged almost the whole world to search for the best possible strategies to surmount the crisis. It was in a bid to surmount these challenges that spark off the International Federation of Accountant (IFAC) through International Public Sector Accounting Standard Board (IPSASB) came up with "International Public Sector Accounting Standard" (IPSAS). The standard aims at harmonization and comparability of public sector financial accounting information through global best practices which encourages comprehensive reporting, due full disclosure, and transparency. IPSASs provide for high quality, robust, and full disclosure of all assets, liabilities and contingent liabilities which are very essential for assessing the true economic implication of public sector financial management.

Nigerian and in particular, the south Eastern states public sector notwithstanding, before now identified with the cash basis of accounting inline with provisions of Finance Control and Management Ordinance Act of 1958 as amended by CAP A15 LFN 2004 which records receipts and incomes when actual cash is being received and records expenditure when actual payment is made not minding the accounting period in which the services were made or benefits received. It was on this perception that Jim (2013) argues that any government that reports on cash basis does not account for significant liabilities such as pension and infrastructural developments. Kuye (2010) argued that recent crisis of inefficiency of some government organizations such as Power Holding Company of Nigeria Plc, Nigeria Ports Authority Plc, and the Nigerian Police force were due to financial malpractices and concealment of material facts as a result of lack of transparency and accountability orchestrated by cash-basis of accounting.

It was in response to the above arguments that the government of Nigeria carried out the gap analysis study that was aimed at benchmarking public sector accounting system in Nigeria with cash based IPSASs with a view to

identifying the gaps. Subsequently, Nigeria sets up a high powered implementation team, officially known as the Federation Account Allocation Committee (FAAC) sub-committee on the road map for adoption of IPSAS.
Against this background therefore, it is not quit established that adoption and sequent proper implementation of the standards would have appreciable positive or negative economic impacts on the economy of south Eastern states of Nigeria, thus, this study to have a good evidence of the international standards and its economic implications on the economy of Ebonyi and Enugu states.

1.1 Statement of the Problem

Before the introduction of International Public Sector Accounting Standard and subsequent scheduled adoption of the standard in Nigeria in the year 2012 though, was later shifted to 1st January, 2014, financial statements of ministries, departments, and agencies of government were being prepared in adherence to the provisions of Finances and Controls Management Ordinance Act of 1958 as amended by CAP 15 LFN 2004. Unfortunately, such financial information prepared and published adopting the local standards adversely affect the quality and comparability of financial information reported by the public sector entities in the South East which may in turn endanger domestic and international confidence in public sector financial management**.** Moreover, the traditional cash basis of accounting does not provide meaningful information that can guarantee consistency, quality, credible, transparency, accountability, and harmonization of financial reporting system.
That challenge was uncovered by "gap analysis study undertaken by the federal government of Nigeria in attempt to benchmark government accounting in Nigeria with cash IPSASs" which unveiled that the traditional cash basis of accounting was inadequate as it fails to take into cognizance accurate "costs, all assets and liabilities" made by the government (Dankwanbo, 2010). Again, Nigeria and South-Eastern States had painfully missed several foreign direct investments as foreign investors and several multi-national companies are being scared away by lack of accountability and transparency (Ibanichuka and Oyadonghan, 2014).

1.2 Objectives of the Study

The broad objective of this study is to determine the economic implication of international public sector accounting standards on accountability of the Nigeria public sector with emphasis on the public entities in the South East of the country. However, the study was carried out to achieve the following specific objectives:

1. To assess the extent the International Public sector accounting standards adoption enhances credibility of financial statements reported by the public sector in the South Eastern of Nigeria.
2. To determine the extent that International Public Sector Accounting Standards adoption enhances the comparability of financial information reported by the public sector in the South Eastern of Nigeria.

1.3 Research Questions

The following research questions are formulated to guide the attainment of the foregoing objectives of the study:

1. To what extent would the International Public Sector Accounting Standards adoption enhance credibility of financial statement reported by the public sector entities in the South Eastern states of Nigeria?
2. To what extent would the International Public Sector Accounting Standards adoption enhances the comparability of financial information reported by the public sector entities in the South Eastern states of Nigeria.

1.4 Statement of Hypotheses

H_o: The International Public Sector Accounting Standards adoption does not enhance credibility of financial statement reported by the public sector in the South Eastern states of Nigeria.

H_o: The International Public Sector Accounting Standards adoption does not enhance the comparability of financial information reported by the public sector entities in the South Eastern states of Nigeria.

1.5 Significance of the Study

The state governments in the South East of Nigeria will appreciate from the findings of the study the need to adopt and swing into full implementation of International Public Sector Accounting Standards as the economic implications of its adoption will be unveiled. The government will be fully aware of the gains of full disclosure requirements of IPSAS adoptions as it affects transparency, comparability, credibility, informative, and comprehensiveness of financial information. Again, ministries at the state government level in the South Eastern states of Nigeria and beyond will be brought to terms to the realities of IPSAS adoption and the economic benefits. Preparers, members of the public and users of public sector accounting information will also be encouraged on the need for full disclosure arising from IPSAS adoption as it influences accountability, transparency and credibility of accounting information.

On the side of prospective foreign investors and entrepreneurs, who might have been scared by the cash basis of public sector financial reporting, the result of this study will bring to fore the real essence of adoption of International Public Sector Accounting.

1.6 Scope and Limitations of the Study

This study focused on the international public sector accounting standards adoption and financial transparency in the south eastern Nigerian public sector with particular reference to ministries and agencies of state governments in Ebonyi and Enugu states. The study made use of only Accountants and Internal Auditors in government ministries and other related public institutions.

However, in course of this study, effort was made to ensure a genuine and reliable research report that would be generally accepted, however, there were insignificant constraints to the study. Ranging from inadequate databank to inadequate and reliable means of data management in the area of international public sector accounting standards as it relates to financial transparency in the South Eastern states of Nigeria. Hence, very raw data was retrieved from libraries and internet, which were then processed to arrive at the required information need of the study.

II. REVIEW OF RELATED LITERATURE

2.1 Theoretical Review

Prior to year, 2010 when the Federal Republic of Nigeria through her federal executive council approved the adoption of International Public Sector Accounting Standards (IPSAS) for public sector (excluding public enterprises), the major laws upon which public sector financial reporting was based were Finance (control and management) Act of 1958, CAP. 144, 1990; Audit Ordinance (OR Act) of 1956, Financial Regulations, Treasury/Finance Circulars and Circular Letters; Fiscal Responsibility Act 2007, Public Procurement Act, 2007 and Appropriation Acts. Meanwhile, the adoption of the IPSAS was in recognition of globalization and the need for harmonization and unified financial reporting, The IPSAS is the model for publishing public sector finances as stipulated and suggested by the International Treaties, Agreements, cum Contract; and the International organizations of an official nature (Toudas, Poutos, and Ballos, 2010). It is the reporting version of the governments of United Nations (UN) and European System of National Account (SNA), the IMF's government financial statistics (GFS) and fiscal transparency (FT), the organization for economic cooperation and development (OECD) Budget Transparency projects.

Accounting Standards have been widely referred to as the statements of code of practice of the regulatory accounting bodies that are to be observed and adhered to in the preparation and presentation of financial statements to interested accounting information users. They are norms of accounting policies and practices in terms of codes or guidelines to direct as to how the items of the financial statements should be treated in the accounts and presented in the annual accounts which are designed and prescribed to improve and benchmark the quality of financial reporting.

The accounting standards-setting involves reaching an optimal balance of the requirements of financial information for various interested accounting information users having a stake in financial reporting (Rajesh, 2012). Chen (2012) posits that incidents of corporate frauds and irregularities such as false financial reporting, irregular transactions, inflated revenues and assets embezzlement have been on the increase globally, thus, the need for accounting standards. Of course, workable financial reporting system for public financial administration is a function of laws, regulations and policies put in place by the government in addition the organized active financial records management system, which could pave way for public accountability (Okafor, 2012). These laws and regulations guide the relevant authorities, auditors, preparers, and presenters of financial statement in the auditing, preparation and presentation of public sectors' financial activities to both members of the public and other stakeholders who take informed judgment on whether to rely or not on the report (Onatuyeh and Aniefor, 2013).

Meanwhile, government accounting, otherwise known as public sector accounting is a set of sequential or processes of collecting, recordings, classifyings, summarizings, explaining, cum communicating of public sector financial activities to interested government financial information users (Asuquo, Akpan, and Effiong, 2014). It is concerned with the receipt, recordkeeping; safe keeping and disbursement as well as showing accountability of resources that are under their care within a given financial year (Kara, 2012).

Nigeria over the years has been operating under cash basis of accounting which recognizes and records cash immediately it is received physically as against when it is earned and also recognizes and books payment when physically cash is paid out as against when expenses or expenditure is incurred, it has brought in a number of reforms within the public sector before a decision to adopt IPSAS was made (Dankwanbo, 2010). From 1945, Nigeria started putting in place accounting reforms as a result of the need to depart from the traditional method of accounting for government activities and the urgent need for improved Nigerian Public sector (Adegroye, 2008) in Olomiyete (2014). It was during these periods that Nigeria came up with reforms such as public procurement Act of 2007, Nigerian fiscal Responsibility Act, 2007 for improved budget formulation, integrated management system by the Auditor – General of the federation; E-payment system for public sector expenditure; cashless system of circulation and carrying of Nigerian money; and medium term framework (Adegoroye, 2008) in Olomiyete (2014). All these reforms were targeted at enhancing credibility of the process of public sector accounting and then guarantee transparency and accountability which could lead to general economic development of the country (Kayode, 2014).

Notwithstanding, these reforms were yet to contribute significantly towards achieving credibility, transparency, accountability and general economic development of the country and thus, the advocating by the professional accountants and regulatory bodies for sound and comprehensive accounting system that could pave way for development of the country, Nigeria (Ijeoma, 2014). Therefore, to maintain good governance, and entrench credibility in the accounting process in Nigeria, none of these earlier introduced reforms alone can solve the problem, hence the need for better if not best reform in the system (Izedonmi and Ibadin, 2013).

The level of accountability, transparency and credibility in the Nigerian public sector has generated public discourse in different forum and among the financial analysts, academic and Non-government organizations. Yet, Nigerian government has instituted a number of reforms (Administration and Economics) targeted at enhancing the level of transparency and accountability in the country. Some of these reforms were either abandoned or politically jettisoned to meet the interest of the leaders, thus, affecting the level of accountability and transparency in the system. Therefore, the public sector has witnessed poor development, poor accountability, and non-comparability of financial information produced from the system.

Following the issuance, pronouncement, and advice of IPSASB to various National governments and government of various countries, the federal executive council at a meeting held on 28th July 2010 approved for the adoption of IPSAS in Nigerian public sector (Adebayo, 2013). Thereafter, the Federation Accounts Allocation Committee (FAAC) which was charged with the responsibility of ensuring smooth adoption of the standard consequently set up a subcommittee to provide a road map for the implementation processes in all tiers of Nigerian governments (Dankwanbo, 2010). Arising from the 2010 adoption, December 2012 was stipulated as the deadline for issuance of first published IPSAS based financial statement while 2015 was set as deadline for migration to accrual basis though, it was subsequently changed to 2014 and 2016 (precisely on January), for cash IPSAS and accrual IPSAS implementation respectively (Adama and Ahmed, 2014). Thus, Onwubuariri (2012) maintained that the adoption of the international standard was aimed at achieving and improving the accounting and financial reporting system in the country. It was on this basis that Adama and Ahmed (2014) asserted that IPSAS is a welcome development that could guarantee international best practices which had already been converged into in most developed countries of the world. It concluded by stating that IPSAS adoption and proper implementation would create room for accountability in governance and increase credibility rating in Nigeria which will help in meeting vision 2020 in the country.

However, experiences from countries such as Abu Dhabi, Albania, Australia, Azerbaijan, Bangladesh, Brazil, Canada, Cayman Islands, Cyprus, Costa Rica, East Timor, Fiji, France, Georgia, Japan, Kazakhstan, Kyrgyzstan, Latvia, Liberia, Lithuania, Malaysia, New Zealand, Nicaragua, Pakistan, Palestine, Philippines, Romania, Russia, Singapore, Slovak Republic, Solomon Islands, Spain, Sri Lanka, Switzerland, Tanzania, Turkey, United Kingdom, Uruguay, and Uganda which have adopted and implemented the standard witnessed quite a number of benefits such as improved financial transparency and accountability; improved assets management and utilization; and effective and efficient provisions of relevant financial information for informed decision making; had more access to international loans and grants following the credibility, transparency, comparability and harmonization of their financial information generated from the implementation of the accrual based IPSAS (Malahleha, 2013).

Conversely, most of those countries, experienced challenges in a bid to adopt and fully implement the accrual based IPSAS. Such challenges were cases of lack of qualified IPSASs compliant personnel, lack or inadequate infrastructural technology, lack of political will by the government to enforce the implementation of the standards, and lack of money to train staff; provision of innovative infrastructural facilities, procurement of latest and relevant accounting packages (Barton, 2009).

Appreciating both the benefits and the challenges observed, van Wyk (2006) recommends that the adoption and full implementation of the accrual based IPSAS on the ground that the benefits associated with the implementation surpasses the difficulties that might be experienced. Adding that, the immediate gains should not be the determinant, instead, the fact that the IPSASs are a superior model that can stand the taste of time.

2.1.1 IPSAS and Comparability of Financial Information in the Public Sector

Financial statements are the end products of financial accounting practices which result from the dexterous gathering, classifying, analyzing, summarizing, and careful interpretation of financial transactions (Adebisi, 2014). The financial statements are the representation of the results and cash flows of entities which make information available to evaluate the financial status of the government as a result of the decisions taken by the relevant authorities and as such, play predictive part in resources needed for the optimal performance of authorities concerned (Sour, 2012).

In the public sector, Accountant-General of the central and state governments are expected to prepare and present to the relevant authorities and stake holders, the financial information devoid of any material errors, capable of aiding management in decision-making, and could be compared with similar public entities (Kayode, 2014). To achieve and maintain appreciable level of comparability in the public sector, IPSASB (2012) advised countries that adoption of IPSASs would guarantee an improved quality and comparability of financial information reported by the public sector entities. In the same vein, Atu, Atu, and Okoye (2013) opines that IPSAS adoption and implementation would pave way for harmonization of financial statements, accounting of funds provided with the identified authorities, and the improved financial information comparability as presented by the public sector entities around the world.

In a related submission, Oduware (2012) and Bellanca and Vandernoot (2014) established that IPSAS adaption and implementation have improved comparability of financial information through transparent and prompt presentation of financial information. In the vein, Christiaens, Vanhee, Manes–Rossi, and Aversano (2013), observeed that IPSAS implementation leads to improve comparability of financial information at different levels of government, paves way for consolidation of financial statements, and in most cases receives the assistance of international bodies like, organization for Economic corporation and Development (OECD), United Nations, International Organization of Supreme Audit Institutions (INTOSAI), European commission and Interpol.

In the same observation, Ijeoma and Oghomeh (2014) added that IPSAS adoption opens up the necessity for improved and enhanced recognition, measurement, presentation, and disclosure of financial transactions and as such, makes comparability of financial information indispensible in the public sector. It further states that adoption of IPSAS will not only enhance comparability but also engender international best practices in the public sector of Nigeria and around the world. The hypothesis formulated and tested by Sour (2012) unveils that if all tiers of government in Mexico adopts and implements IPSASs model, there are high chances that the country accomplishes the harmonization and comparability of the financial information which would improve transparency and credibility.

2.2 Empirical Review

Acho (2014) looks at the challenges of adopting International Public Sector Accounting Standards (IPSASs) by Nigeria. The study which aims at examining the challenges facing Nigeria in the adoption of IPSAS used questionnaires in data collection in a random sampling technique. Five point likert scale and simple percentage were also used in the analysis of the data collected. Findings of the study unveiled that the adoption of IPSAS would significantly improve accounting financial reporting and recording system in the Nigerian public sector which would in no doubt enhance comparability and other ill practices in the public sector. The study then recommends that all the three tiers of Nigeria government should join hands together and ensure its full adoption and possible implementation.

Ofoegbu (2014) studied the new public management and accrual accounting basis for transparency and accountability in the Nigerian public sector. The objective of the study was to ascertain the expert's perception on the implementation of IPSASs accrual basis of accounting in achieving transparency, accountability, and improved quality of accounting information in the Nigerian public sector. The study adopted survey design and administered questionnaire to 112 respondents comprising Auditors and Accountants in the public sector. The data collected was analyzed using descriptive statistics, while the hypotheses were tested using standard deviations, means, and friedman's test statistics via SPSS. Findings of the study indicate that the adoption and implementations of IPSASs in the Nigerian public sector would significantly enhance transparency though, with some challenges that may slow the implementations and realizations of the lofty objectives. The study recommended that government should provide the legal frameworks for effective implementations of IPSASs accrual basis of accounting in Nigeria.

Mhaka (2014) studies IPSAS, A Guaranteed way of Quality Government financial Reporting; a comparative analysis of the existing cash accounting and IPSAS Based Accounting Reporting. The study aims at examining the cost benefit analysis of IPSAS adoption in Zimbabwe by way of comparing the existing cash accounting basis and her proposed IPSAS based accounting reporting. The study adopted the methodology of reviewing and analyzing of relevant discourse, publications, and documentary materials from some professional accounting organizations, notable authors and NGOs, success stories of IPSAS adoption. It was observed from the study that IPSAS adoption improves the quality of public sector financial information, and level of accountabilities; thereby increasing the confidence of both domestic and foreign donor organizations to make financial assistance available for public sector entities use. The study recommended that the Zimbabwe government should work with the relevant stakeholders, such as the accounting professional bodies, NGOs, and the existing staff of the Zimbabwe ministry of finance and provide necessary financial resources for the employment and training of accounting personnel, and procurement of necessary accounting packages as well as changing the accounting laws and policies to ensure effective adoption and implementation of the international standards.

Alshujairi (2014) studies the Government Accounting System Reform and the Adoption of IPSAS in Iraq. The study aims at examining the need for public sector accounting reform and the adequacy of the public sector financial management of Iraq considering its status as a developing country to adopt full accrual accounting based IPSAS and advance accountability, transparency, credibility and comparability of financial information targeted at eradicating corruption in the Iraqi public sector. The study adopted qualitative methodology and collected data using well structured questionnaire sent to the selected accountants working with the ministry of finance; the auditors in the Iraqi supreme audit board; and the lecturers in the Iraqi universities. The findings of the study reveal that there are good reasons and needs to reform the Iraqi public sector accounting systems via the adoption of full accrual accounting based IPSAS which in turn would ensure transparency, credibility, and comparability. The study therefore, recommended that Iraqi government should adopt and implement the full accrual accounting based IPSAS if the country wants to maintain a robust public sector financial system capable of eradicating corruption and subsequently, engender transparency, accountability, and comparability of financial information in the country.

2.3 Theoretical Framework

This study is anchored on Commander theory which was propounded in 1965 by Louis (Lou) Goldberg in course of his work titled “Inquiry into the Nature of Accounting” at Australia is one of the accounting theories that provides a strategic platform through which financial report disclosure activities is recognized. Commander theory constitutes a theoretical foundation and basis upon which the analysis of the impact of a cross-sector transfer of accounting principles and rules to the public sector is based (Wise, 2010).

The assumption of the theory has it that owner(s) of resources may also be the controller/director of the resources, but in some cases, separation between the control and ownership prevails. Where separation exists between the ownership and control of the resources, command is bestowed on the controller who has power and authority to direct the affairs of the institution while the owner(s) in turn, demands reports and accountability from the controller. The theory in respect to government sees top public office holders- such as ministers, special advisers, permanent secretaries etc. as commanders at the top level of a hierarchy of command who should be accountable to the state for the resources entrusted in their control through annual financial statement. Head of departments and directors who carry out the directives of ministers in their respective departments should also be accountable of the resources at their disposal to the relevant authorities which at the end of the period will be aggregated to form consolidated financial statements comprehensive enough to permit informed judgment by the financial information users.

The theory further assumes that if resources of the state are allocated to specific government organizations or for certain activities and functions, they are invariably controlled by an individual commander who is a minister and who is also responsible and accountable for those resources by way of full disclosure requirements as stipulated by the law. The theory also assumes that there is a hierarchical power structure and the element of control that provide the ideal conditions for ministers through the ultimate heads of government departments, agencies and statutory authorities to cause the preparation of required information. The believe of this theory therefore, is that there are certain economic truth and statistical truthfulness which go together to the extent that any one who relies on it would make informed judgement. It assumes that balance sheet is a statement of accountability by the relevant authorities while, profit and loss (statement of comprehensive income) statement expresses from the commander point of view the types of expenditure that he or she, as manager, chief executive or custodian of public resources has incurred and with what result.

This theory becomes essentially relevant considering the fact that IPSASs advocate for full disclosure of financial information to enable interested financial information users take informed judgement. If full disclosure of public sector financial transactions is made, it would pave way for credibility and comparability which would lead to transparency of government financial and non-financial activities.

III. METHODOLOGY

The study however, adopted exploratory survey design due to the fact that the study lacks accumulated data about the subject matter, especially in the South Eastern Nigeria. The design is the most appropriate research design for studies that are looking at a topic which has a high degree of uncertainty orchestrated by very little existing research on the subject matter (Brian, 2013). This design identifies the area of problems or opportunities to uncover the salient factors that might be relevant to the research.

3.1 Population and Sample of the Study

The population of the study was made up of all the Accountants in the employ of the state ministries of finance (including those posted to other ministries and other agencies of government as accounting officers and internal auditors) in Ebonyi and Enugu States of Nigeria, comprising 112 staff. The choice of the above population frame was to ensure that only people who are knowledgeable about the subject matter were used. However, Simple sampling method was used to choose the sample size of 88 staff. Boweley’s proportion allocation formular was adopted in determining the number of questionnaires that was allocated to each sampled unit.

3.2 Validity and Reliability of Instruments

Although efforts were made to draft the questions in simple and unambiguous language, the instrument was further subjected to material validity by presenting it to some experts for test and measurement. Meanwhile, Cronbanch's Alpha was adopted to ensure reliability of the instrument. The reliability test shows 0.77 representing 77% reliability.

3.3 Sources of Data and Analytical Methods

Data for the study were basically obtained from primary source through well- structured questionnaire. Meanwhile, use was made of 5 point-Likert scale to extract information relevant to the study. Data analysis was done using tabulation, simple percentage, and 5 point Likert scale with mean score of 3. The study also made use of statistical one-way ANOVA through Prism GraphPad, 6.07 versions to test the two hypotheses. Thus, the one-way ANOVA Model, $yij = \mu + \alpha j + eij$

$$TSS = \sum yij - CF,\ C.F = \frac{y.^2}{N} \quad TRSS = \frac{\sum y.j^2}{n} \quad ESS = TSS - TRSS$$

IV. RESULTS

In analyzing the data generated, the data was tabulated and the mean scores calculated using a five point likert-type rating scale. The mean score for each of the item is 3

Table: 1 Mean Scores of Respondents on What Extent will the International Public Sector Accounting Standards Adoption Enhances Credibility of Financial Statement reported by the public entities in the South Eastern states of Nigeria.

S/N	ITEM	SA	A	U	D	SD	X
1	Financial statement issued in line with International Public Sector Accounting Standards are more transparently prepared than traditional cash basis of accounting in the south East of Nigeria	183	56	7	6	5	4.58
2	Financial statement prepared using International Public Sector Accounting Standards are perceived to be more credible in the South East of Nigeria	144	92	9	5	7	4.40
3	International Public Sector Accounting Standards follow double entry principles in account preparations	114	112	13	9	9	4.22
4	International Public Sector Accounting Standards adopt best international accounting practices in financial statement preparations	122	109	11	9	6	4.29
5	Financial statement prepared using International Public Sector Accounting Standards take cognizance of all accounting concepts and conventions	138	94	13	5	7	4.37

Source**:** Empirical analysis, 2016

From the data presented in table 1 above, it can be seen that the respondents agreed with items 2, 3, 4, and 5 with weighted mean scores of 4.40, 4.22, 4.29, and 4.37 respectively. The respondents however, strongly agreed with item numbers 1 which had it that financial statements issued in line with International Public Sector Accounting Standards are more transparently prepared than accounting statements based on traditional cash basis of accounting in the Ebonyi and Enugu states of Nigeria.

Table 2: Mean Scores on the extent International Public Sector Accounting Standards Adoption enhances the Comparability of Financial Information Reported.

S/N	ITEM	SA	A	U	D	SD	
6	Financial statement prepared in line with the International Public Sector Accounting Standards enhance quality of financial information in the south East of Nigeria	206	29	9	7	6	4.64
7	International Public Sector Accounting Standards enhance comparability of financial statement prepared by the public sector in the south East of Nigeria.	192	39	10	9	7	4.56
8	International Public Sector Accounting Standards increase chances of direct foreign investment as a result of quality of financial statement prepared by the public sector entities in the south East of Nigeria	168	56	14	13	6	4.43

9	local investors rely more on the public sector financial statement prepared in line with the International Public Sector Accounting Standards in view of quality assurance	157	73	11	11	5	4.42
10	States governments in the South East of Nigeria can witness higher direct foreign investment due to International Public Sector Accounting Standards adoption.	124	102	15	8	8	4.27
11	State governments in the South East of Nigeria can get increased grant from foreign donors due to International Public Sector Accounting Standards adoption that guarantees quality of financial reporting	124	111	10	7	5	4.33
12	States governments in the South East of Nigeria can now get more access to foreign soft loans due to International Public Sector Accounting Standards adoption	114	109	14	12	8	4.20
13	States governments South East of Nigeria can now get more access to foreign capital and financial developmental partnership due to International Public Sector Accounting Standards adoption	143	81	16	9	8	4.33

Source**:** Empirical analysis, 2016

The data presented on table 2 above show that the respondents agreed with items 8, 9, 10, 11, 12, and 13 with the weighted mean scores of 4.43, 4.42, 4.33, 4.20, and 4.33 respectively. The respondents however, strongly agreed with item numbers 6 and 7 respectively. This shows that financial statements prepared in line with the International Public Sector Accounting Standards enhance comparability of financial information in the states of Ebonyi and Enugu in Nigeria.

4.1 Hypotheses Testing

Ho: $\mu_1 = \mu_2$, H_1: $\mu_1 \neq \mu_2$ $_{\text{at 5\%}}$

H_{o1}: International Public Sector Accounting Standards adoption does not enhance credibility of financial statement reported by the public sector in the states of Ebonyi and Enugu in South East of Nigeria.

The result is presented on table 3 as shown below.

Table 3: ANOVA Table

	SS	DF	MS	F (DFn, DFd)	P value
Treatment (between columns)	33.09	4	8.274	F (4, 1280) = 9.934	P < 0.0001
Residual (within columns)	1066	1280	0.8328		
Total	1099	1284			
Data summary					
Number of treatments (columns)	5				
Number of values (total)	1285				

Source: Empirical Analysis of data, 2016

Table 4: Tukey's Multiple Comparisons Test

	Mean Diff.	95% CI of diff.	Significant?		Summary
SA vs. A	47.60	17.95 to 77.25	Yes	***	A-B
SA vs. U	129.6	99.95 to 159.2	Yes	****	A-C
SA vs. D	133.4	103.8 to 163.0	Yes	****	A-D
SA vs. SD	133.4	103.8 to 163.0	Yes	****	A-E
A vs. U	82.00	52.35 to 111.6	Yes	****	B-C
A vs. D	85.80	56.15 to 115.4	Yes	****	B-D
A vs. SD	85.80	56.15 to 115.4	Yes	****	B-E
U vs. D	3.800	-25.85 to 33.45	No	ns	C-D
U vs. SD	3.800	-25.85 to 33.45	No	ns	C-E
D vs. SD	0.0	-29.65 to 29.65	No	ns	D-E

Source: Empirical Analysis of data, 2016

As shown on table 3, the result showed that credibility of financial statements has a very strong positive relationship (r = 0.969) with IPSASs adoption. The extent of the relationship is 0.969. Thus, 0.939 (r^2 = 0.939) variation in the adoption of IPSASs is explained by credibility of financial statements. The hypothesis test showed P < 0.0001 suggesting rejection of the null hypothesis. Therefore, the alternate hypothesis which states that IPSASs adoption enhances credibility of financial statements reported by the public entities in Ebonyi and Enugu states of South Eastern states of Nigeria was accepted. The ANOVA P- value (0.0001) < 0.05 shows that there is statistical significant difference between the mean scores. Further tests on the data were made using Brown-forsythe test and Bartlett's test which showed P- values of 0.0005 and 0.0041 respectively indicating statistical significant difference between the mean scores. Therefore, we reject the null hypothesis and then accept the alternative hypothesis. In the same vein, Tukey's multiple comparison test as shown on table 4 supported that International Public Sector Accounting Standards adoption enhances credibility of financial statements reported by the public sector entities.

H_{o2}: International Public Sector Accounting Standards adoption does not enhance the quality and comparability of information reported by the public sector entities in Ebonyi and Enugu states, South- East zone of Nigeria.

The result is presented on table 5 as shown below.

Table 5: ANOVA Table

	SS	DF	MS	F (DFn, DFd)	P value
Treatment (between columns)	3035	7	5.193	F (7,2048) = 6.278	P < 0.0001
Residual (within columns)	1694	2048	0.8271		
Total	1730	2055			
Data summary					
Number of treatments (columns)	8				
Number of values (total)	2056				

Source: Empirical analysis of data, 2016

Table 6: Tukey's Multiple Comparisons Test

	Mean Diff.	95% CI of diff.	Significant?	Summary	
SA vs. A	78.50	48.78 to 108.2	Yes	****	A-B
SA vs. U	141.1	111.4 to 170.8	Yes	****	A-C
SA vs. D	144.0	114.3 to 173.7	Yes	****	A-D
SA vs. SD	146.9	117.2 to 176.6	Yes	****	A-E
A vs. U	62.63	32.90 to 92.35	Yes	****	B-C
A vs. D	65.50	35.78 to 95.22	Yes	****	B-D
A vs. SD	68.38	38.65 to 98.10	Yes	****	B-E
U vs. D	2.875	-26.85 to 32.60	No	ns	C-D
U vs. SD	5.750	-23.97 to 35.47	No	ns	C-E
D vs. SD	2.875	-26.85 to 32.60	No	ns	D-E

Source: Empirical analysis of data, 2016

As shown on table 5, Comparability of financial information has a very strong positive relationship (r = 0.947) with IPSASs adoption. The extent of the relationship is 0.947. Thus, 0.897 ($r^2 = 0.897$) variation in the adoption of IPSASs is explained by comparability of financial information. The result of the hypothesis test showed P < 0.0001 suggesting rejection of the null hypothesis. Therefore, the alternate hypothesis which states that IPSAS adoption enhances comparability of financial information reported by the public entities in the South Eastern states of Nigeria was accepted. The ANOVA P- value (0.0001) < 0.05 shows that there is statistical significant difference between the mean scores. Further tests on the data were made using Brown-forsythe test and Bartlett's test which showed P- values of 0.0001 and 0.0434 respectively indicating statistical significant difference between the mean scores. Therefore, we rejected the null hypothesis and then accepted the alternative hypothesis. Likewise, Tukey's multiple comparison test as shown on table 6 supported that International Public Sector Accounting Standards adoption enhances the comparability of information reported by the public sector entities in the South Eastern states of Nigeria.

V. DISCUSSIONS

Findings from table 1 show that international public sector accounting standards would enhance credibility of financial statements reported by the public sector entities in south Eastern states of Nigeria. The findings also had it that financial statement prepared using international accounting standards are perceived to be more credible by the interested public sector accounting information users. The financial statements published using IPSASs are perceived to have complied with the disclosure requirements of various international accounting standards and in particular IPSAS 1, 2, 3, 6, 8, and 14.

The findings further confirm that IPSASs add credibility to financial statements published by public sector entities because of its compliance to the principle of double entry system in account preparation and presentations which does not apply in the normal traditional cash basis of accounting. Thus, the standards adopt international best practices in the preparation and presentation of annual financial statements as it takes into account all the accounting concepts and conventions.

The above findings corroborated the earlier submission made by Mhaka (2014), Ofoegbu (2014), and Chan (2008) that adoption and proper implementation of IPSAS in the public sector entities enhance transparency and credibility of financial statements. Those studies substantiate that IPSAS adoption opens room for increased global and universal perceived credibility of financial information among countries which undoubtedly accelerates accountability, credibility, and transparency in the public sector. In the same vein, Bellanca and Vandernoot (2014) confirmed that IPSASs adoption improves transparency and credibility of financial information as it increases efficiency in government activities and ensures full disclosure of necessary material facts and figure in reporting financial transactions of government.

Results from hypothesis one as shown on table 3 and 4, validate that there is significant relationship between international public sector accounting standards adoption and enhanced credibility of financial statements reported by the public sector entities in Ebonyi and Enugu states of Nigeria. Therefore, the adoption of IPSASs by the public sector entities compels public sector accounting officers to disclose all relevant information concerning government activities in the sector.

Outcomes from table 5 show that international public sector accounting standards adoption would enhance the comparability of financial information reported by the public sector entities in the south east of Nigeria. The findings pointed out that, IPSASs would not only ensure quality and comparability of financial statements, but also create room for foreign direct investment into the country, Nigeria, arising from the fact that both foreign and local investors rely more on the quality of financial statements prepared using IPSASs in the public sector entities as little or no further costs would be incurred for audit investigations in obtaining quality assurance. The findings also confirm that Nigeria now have more access to foreign loan, foreign grants, and foreign donors, sequel to the IPSASs adoption in the country. From the table 2, the weighted mean scores of 4.64, 4.56, 4.43, 4.42, 4.27, 4.33, 4.20, and 4.33 were further indication that IPSASs adoption enhances comparability of financial information published by the Nigerian public sector entities.

The above findings were corroborated by the studies of Malahleha (2013), Alshujairi (2014) and Oduware (2012) that IPSASs adoption is a sure way of enhancing quality and comparability of financial statements in the public sector. Likewise, Sour (2012) and Ijeoma and Oghomeh (2014) observe that IPSASs adoption though, not without some challenges would increase level of recognition, measurement, presentation, and disclosure of financial transactions, to the extent that comparability of financial statements in the public sector will be guaranteed in Nigeria. Again, results from the testing of hypothesis two as shown on table 5 and 6, confirmed that there is significant relationship between international public sector accounting standards adoption and enhanced comparability of financial information published by public sector entities in Ebonyi and Enugu states.

VI. SUMMARY, CONCLUSION AND RECOMMENDATIONS

From the data analysis and the results of the hypotheses testing in addition to the outcomes of literature review, the following findings were made:

a. The International Public Sector Accounting Standards would ensure high level transparency of financial and non-financial activities and subsequently enhance credibility of financial statements reported by the public sector entities other than public sector enterprises in Nigeria.
b. Adoption and proper implementation of IPSASs would enhance comparability of financial statements published by the public sector entities in the states of South East of Nigeria which could create room for attracting local and foreign direct investment; foreign grants, foreign soft loan, foreign long-term loan and international financial developmental partnership.

6.1 Conclusion

This study which examined the implications of public sector accounting standards with a view to ascertaining its influence on transparency in the south eastern states, a case of Ebonyi and Enugu states of demonstrates that globalization, global economic challenges, and competition are now being felt by both private and the public sector. Thus, for public sector entities in a country to move at the same pace with their counterparts in the world, adoption and implementation of IPSASs becomes necessary. Therefore, IPSASs adoption helps in presentation of financial statements that are qualitative and comparable among public sector entities since every material information is recorded and disclosed inline with international best practices which takes into cognizance all relevant accounting concepts and conventions.

It was observed that sequel to the global nature of IPSASs and its prescriptions, preparation and presentation of financial statement in strict adherence to the standards add creditability and maintain transparency in the financial reports. With the adoption, Nigerian public sector entities observe all the relevant standards, disclose government transactions, and observe double entry principles in account preparation and presentation. Comparing the accrual basis and cash basis of accounting, it was observed that accrual basis adds credibility, transparency and comparability to financial statements in the public sector. From the literature, it was also observed that while few countries were yet to adopt IPSASs, many countries that have adopted had started witnessing improvement in the level of transparency, credibility and comparability of financial statements.

6.2 Recommendation

Based on the major findings and the conclusion drawn from the study, the following recommendations were made for effective implementation and sustainability of the new system in the public sector towards achieving needed and long lasting transparency:

i. To maintain and sustain enhanced credibility of financial statements by the public sector entities, Nigerian government should as a matter of necessity embark on continuous training and retraining of accounting personnel who are charged with the responsibilities of preparing the account.

ii. Again, if Nigeria and her state governments are desirous of enhancing comparability of financial statements published by the public sector entities in the country, capable of attracting local and foreign direct investment; foreign grants, and foreign soft loan, full accrual IPSASs should be adopted and implemented.

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