International Public Sector Accounting Standards Adoption and Challenges of Implementation in Nigeria

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ABSTRACT: *This study examined International Public Sector Accounting Standards (IPSAS) adoption and challenges of implementation in Nigeria. The study employed review of literature of prior studies using institutional theory as the anchor. The review of prior studies revealed that the adoption of International Public Sector Accounting Standards (IPSAS) in Nigeria is faced with several challenges such as political-will towards full IPSAS implementation; statutory adjustment, inadequate funding and institutional commitment, poor IT infrastructure, change management issues amongst others. The study recommended amongst others that professional accountancy organisations such as the Institute of Chartered Accountants of Nigeria (ICAN) and Association of National Accountants of Nigeria (ANAN) should consider what rolethey can play in growing consciousness of the need for transparent financial reporting in the public sector entities, including but going beyond providing training on accounting standards. Also governments should introduce plans for smooth and quick migration to full accrual-based IPSAS in all public sector entities in Nigeria so as to maximize the perceived benefits associated with accrual basis of IPSAS.*

KEYWORDS: IPSAS, financial reports, adoption, challenges

INTRODUCTION

The globalization of accounting reports and statements has brought about ever increasing collaboration, international trade and commerce among the nations of the world. According to Ijeoma andOghoghomeh(2014), there is grave need for uniformity in the standards guiding financial reports so that such reports would remain comprehensible and convene the same information to users across the world. The quality of financial reports in public sector entities have been challenged in many conferences and seminars both internationally and nationally as a result of the inadequacy of financial information used in the preparation of the financial reports. Debor and Aggrey (2017) argued that the inadequacies of financial information in public sector entities had affected public policy decisions and contribute to unreliable reports. According to International Accounting Standard Board (IASB, 2019), financial reporting is to provide information about the financial position of an entity that is useful to various users in making economic decisions. Therefore, 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 (Olola, 2019; Nzewi& Faith, 2020). Due to that, International Public Sector Accounting Standards Board (IPSASB) issued a set of accounting standards called International Public Sector Accounting Standards (IPSAS) to regulate government accounting in response to calls for greater government financial reporting quality in term of relevance, faithful representation, understandability, verifiability, timeliness, comparability. Gebreyesus (2021) maintained that IPSAS adoption was to improve the quality of general purpose financial reporting by public sector entities, leading to better informed assessments of the resource allocation decisions, thereby increasing transparency and accountability of governments to their citizens and their elected representatives. Ademola et al (2017) noted that IPSAS adoption ensures excellent financial operations by increasing the level of accountability and transparency. Also, it was revealed that financial misappropriations within the public sector however big such institution is. This is possible because IPSAS provides a self-regulated internal control system. Studies conducted by AhmadImam et al (2020), Edwin et al (2020), Amahalu and Chinyere (2020), Gebreyesus (2021), Egolum and Ndum (2021), Beredugo (2021), Obineme et al (2021) and ThankGod et al (2021)), revealed that, the adoption of IPSAS by developing countries will improve both the quality and comparability of financial information reported by their government entities for external users.

In recent times, even after the implementation of IPSAS adoption by some State Governments in Nigeria, there still exists contention on the reliability of their financial reports. This could be as a result of the infrastructural gap regarding the need for skilled staff that could effectively translate the standards and report on some specific areas, particularly in the narrative notes accompanying the financial statements to provide detail explanation of the financial data to the users (Beredugo et al, 2021). Another gap could be the need for a paradigm shift in finance culture and mindset to exploit the opportunities presented to drive value. Reports from some States in Nigeria shows audit qualifications on government’s assets; income and receivables; uncommon and extravagant expenditure; and investment property. Technical accounting issues and challenges include valuation, depreciation, impairments and fair value of investment property, while the existing technology in some States does not equally support full IPSAS implementation (Izueke et al, 2020). Due to this development, there is now emphasis on the need for increased transparency, uniformity and comparability in the set of accounting standards guiding the preparation of financial statement for public entities. The essence of these accounting standards is to make public entities' financial statements more relevant, understandable, verifiable, and timeliness.

Several seminars and workshops have been conducted to create public awareness and train practitioners so as to ensure a smooth adoption to the IPSAS regime, despite all these efforts, IPSAS adoption continues to suffer serious setback. Unfortunately, continuous delay in the adoption of IPSAS counteracts the actualization of the benefits associated with it such as economic leverage and good relationship with sovereign nations or states because the state cannot operate in isolation in the country. Due to that studies have been carried out in different areas within and outside Nigeria on adoption of IPSAS and financial reporting quality. The studies of (Brusca, et al, 2015; Tanjeh, 2016; Pena & Franco, 2017; Zhuquan and Javed, 2018; Ababneh et al, 2019; Zandi& Abdullah, 2019; Chytis et al, 2020; Bashir & Amir, 2020) were conducted in foreign countries like Indian, Asia, Kenya, Nepal, Bangladesh, Pakistan and Sri Lanka and found that adoption of IPSAS has moderate effect on the quality of financial reports in public sector. While (Obara&Efeeloo, 2017; Okere et al, 2017; Abimbola et al, 2017; Ademola et al, 2017; Akinleye et al, 2018; Olola , 2019; Obineme et al, 2021; ThankGod et al, 2021) conducted their studies in various states and local government in Nigeria like; Ondo, Ekiti, Oyo, Anambra and some other States in Nigeria and found that adoption of IPSAS increases the level of financial reporting quality. Therefore, this examines International Public Sector Accounting Standards (IPSAS) adoption and challenges of implementation in Nigeria.

LITERATURE REVIEW

Concept of International Public Sector Accounting Standards (IPSAS) Adoption: IPSASs was developed to enhance the nature of broadly useful financial reporting by government sector entities, expanding accountability, transparency and responsibility in general society segment and upgrading the comparability of reporting around the globe (Brusca& Martinez, 2016). The International Public Sector Accounting Standards (IPSAS) is a set of accounting standards issued by the International Public Sector Accounting Standards Board for use by public sector entities around the world in the preparation of financial statements (Otunla, 2014). The IPSASs are issued by IPSASB (International Public Sector Accounting Standards Board), an independent organ of IFAC (International Federation of Accountants). According to Akinleye and Alaran-Ajewole (2018), the IPSASB adopts due process for the development of IPSASs that provides the opportunity for comment by interested parties including auditors, preparers (including finance ministries), standard setters, and individuals. IPSASB's meetings to discuss the development and to approve the issuance of IPSASs or other papers are open to the public (Obineme et al, 2021). The IPSAS are also developed for financial reporting issues that are either not addressed by adopting an IFRS or for which no IFRS has been developed. The IPSASB started out with the conceptual framework of the International Accounting Standards Boards (IASB) and is in the process of developing its own conceptual framework to meet the financial reporting needs of entities in the public sector.

According to Nzewi and Faith (2021), the development of the IPSAS has its origin in the accounting progression as a way to improve the transparency and accountability of governments and their agencies by improving and standardizing financial reporting. Similarly, Obineme et al (2021) posited that IPSASs aim 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, relevance and faithful representative, understandability, verifiability timeliness and accountability. IPSASs are accounting standards for application by national governments, regional (e.g., state, provincial, territorial) governments, local (e.g. city, town) governments and related governmental entities (e.g., agencies, boards, and commissions). IPSAS standards are widely used by intergovernmental organizations (Akinleye&Alaran-Ajewole, 2018). According to Okere et al (2017), there is a grave need to ensure consistency and uniformity of accounting rules, standards and principles so that financial statements would embody the qualitative characteristics. Quality (relevance, faithful representation, comparability, verifiability, timeliness and understand ability) of accounting standards has been the principal motivator of IPSAS for public sector financial reporting.

Pre-Adoption of IPSAS Accounting Standard: The Pre-adoption of IPSAS was refers to as the cash basis (Ijeoma&Oghoghome, 2014; Efuntade, 2019). Cash basis of accounting is the system of recording receipt or income when actual cash is being received, and recording expenditure when actual payment is made irrespective of the accounting period in which the services are rendered or benefits received (Duenya et al, 2017). Cash basis GPFS are financial statements prepared based on cash basis of accounting, and this cash basis of accounting is the recognition and recording of income and expenses only when cash or cash equivalent is actually received or expended. IPSASB has issued only one standard based on cash basis IPSAS whereas thirty-two (32) standards have been issued on accrual basis IPSAS. Cash basis IPSAS gives a clear guide on the preparation of GPFS, and cash basis IPSAS serve as an intermediary to enable easy migration and pave way for accrual basis (Appah, 2010). The applied cash basis is used for both the budget and the accounts of the core ministries, but for some items viewed critical are supplemented with accrual basis data. International Public Sector Accounting Standards (IPSAS) is for the public sector entities and does not cover government business enterprise (GBE). IPSAS urged GBE to apply International Financial Reporting Standards (IFRS) to report on its business activities. International Public Sector Accounting Standards Board (IPSASB) is an independents board founded by the international Federation of Accountants (IFAC), with the primary objective to develop and publish IPSAS (Seiyaibo, 2020). .

Post-Adoption of IPSAS Accounting Standard: In the pre-implementation era, Ijeoma and Oghoghome (2014) assert that Nigeria transition to Accrual basis of IPSAS will bring about a lot of challenges such as: Systematic identification and valuation of assets and liabilities as at the date from which accrual accounting commenced; Lack of adequate technical resources; Political ownership such as inadequate support at the highest levels of the executive; Consolidation issues.

The accrual basis of accounting consists of the statement of financial position; the statement of financial performance; the statement of changes in net assets/equity; the cash flow statement; and accounting policies and notes to the financial statements (AhmadImamon et al, 2020). 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 (Balogun, 2017). Accrual based GPFS are financial statements prepared based on accrual basis IPSAS. It is a basis of accounting under which transactions and other events are recognized when they occur and not only when cash or its equivalent is received or paid (Ijeoma&Oghoghomeh, 2014). Accrual accounting focuses on assets, liabilities, cost, revenue and equity instead of cash flows only. The capitalization of assets, such as machines and computers, makes it possible to calculate depreciations and account for them in each period during which they are put under used (Hassan, 2013). Furthermore, in the study carried out by Udeh, (2015), also lamented that, in accrual basis of accounting, revenue/income is recorded and recognized in the accounts when earned and not when money is received, similarly expenses are also recorded and recognized in the accounts when incurred and not when money is paid. Accrual accounting is one of the generally accepted information systems that provide a comprehensive and reliable picture of the economic and financial performance and position of a government. That is, it gives the full picture of assets and liabilities, and it shows reliable information about costs and income.

Challenges of IPSAS Adoption in Nigeria

IPSAS is categorized into two; they are cash basis and accrual basis. According Efuntade (2019), the accrual basis is refers to Post-Adoption of IPSAS while cash basis refer to Pre-adoption IPSAS. The following below are some of challenges faced in IPSAS adoption;

Stakeholder engagement: The level of stakeholder interest in the implementation of the IPSAS system differs significantly across jurisdictions, as does the level of knowledge and comprehension of the framework. Cash accounting standards are familiar to public sector departments, ministries, parastatals, lawmakers, and the general public. Understanding, education, and involvement of key stakeholders, such as political office holders, auditor generals, accountant generals, state banks, and ministries, is required for effective IPSAS adoption. This is complicated, and the executive branch of government, as well as the public accounts committee (or equivalent) and the audit and finance functions, must be involved and respectful of the process. If the reform is imposed, it will fail; to gain traction, it will take political will and "champions." IPSAS adoption, likewise, necessitates good internal engagement; cross functional support is required, as is a clear relationship between finance and audit (ThankGod et al, 2021).

Political-will to implement IPSAS: The level of knowledge and understanding of the IPSAS framework, as well as the level of stakeholder involvement in its adoption, varies considerably from State to State. Public institutions, ministries, legislators, politicians, and the general public are accustomed to the principles of cash accounting (Akhidime, 2012). Successful adoption of IPSAS requires the understanding, education and participation of key stakeholders such as politicians, auditors, accountants, state-owned banks and ministries. This is difficult and government executives need to participate in auditing and financing functions with the public accounting committee (or equivalent) to support the process. If the change is introduced, the change will not succeed. Political will of implementation is required and a "champion" is necessary for IPSAS to gain momentum. Similarly, IPSAS approval requires successful internal participation. We need cross-functional support, a strong partnership between finance and auditing. Support for auditing capabilities is especially important (Harjowiryono, 2016).

Structural and legal transformation: The process of structural change in order to accommodate IPSAS implementation is difficult. Changes in the law, as well as new legislation and governance practices, are required; these can be complicated and time-consuming, and may differ by country. In order to consider and deliberate on country-specific interpretations and implementations, a government standards body and a finance committee will be required. Some countries have chosen to adopt an advanced cash standard as a first step toward complete IPSAS implementation. Participants contributing to this study generally agree a 10-year time period for transition to full IPSAS is realistic, while countries operating a federal and state model can take longer – maybe up to 20 years. Implementation plans need to represent the constitutional, national, regional, state and local circumstances (ThankGod et al, 2021).

Expertise availability: The need to train staff on the standards and systems used was greater than expected, and the public sector lacked relevant knowledge and skills, requiring manuals to be developed. As a result, most Accountant General Offices across the country lack competence, experience and skills, and as a result, offices do not regulate accounting policies or guidelines. FAAC (2020) also identified that the accounting of some States that implemented IPSAS was not fully compliant with IPSAS. That is, government guarantees and debt are undervalued. Resources and liabilities are not properly accounted for. Pension debt is not considered. Managing the change process, such as accepting staff and stakeholders and developing effective communication strategies, was difficult. Human resources were needed to support the deployment of computerized growth-based systems. Fixed asset accounting was a particular challenge, as fixed asset records were not retained in older cash accounting systems (Alleyne, 2014).

Cost: From a financial and auditing standpoint, the costs of implementation (both financial and resource-based) should not be underestimated. Training, the use of specialist external consultants, IT updates, and the creation of suitable guidance and translation software would all incur costs. Targeted stakeholder participation, as well as other engagement and awareness programs, should be given adequate financial resources. Therefore, resources were insufficient and the initial consultation cost was high. Implementation costs (finance and resources) are underestimated from a financial and auditing perspective. The implementation cost was enormous (FAAC, 2020; ThankGod et al, 2021; Beredugo, 2021).

Technology and infrastructure: Existing technologies would not inherently help implementation. This can be expensive and would require professional guidance and consultation to help setup, training of users and transition to business as normal. Any current IT systems, data structures, and accounting charts of accounts would almost certainly need to be replaced or adapted as part of the adoption process. As part of the change, reporting systems and processes may need to be revised (ThankGod et al, 2021).

Statutory adjustment: The challenge of structural reforms to address the implementation of IPSAS is a major challenge. Legal amendments, new regulations and government practices are needed. It is complex, time consuming, and varies from State to State. Government standards bodies and funding committees must take responsibility for reviewing and reflecting country-specific interpretations and applications (Beredugo, 2021). Most States have chosen to introduce advanced cash standards as a useful milestone for the full implementation of IPSAS. The implementation plan does not fully reflect the constitutional, national, state and local conditions. Other issues include lack of project management and defined milestones, lack of legislative framework to implement IPSAS, and lack of resources and investment in processes. Some States that have begun implementing accrual IPSAS, have witnessed deviations from IPSAS requirements to comply with the statutory / legislative requirements of financial reporting; although, for them, such a difference does not mean a difference that goes against the purpose of the financial statement listed in IPSAS as described in paragraph 31 of IPSAS 1. However, it is clear that such a difference is necessary and, as such, the Government cannot claim to comply with IPSAS. Therefore, structural and legal changes are needed. Government regulatory frameworks strengthen the need to change the environment of information systems to support IPSAS integration and disclosure requirements, the technical challenges of integrating State entities implementing IPSAS, and staff capacity in application of IPSAS (Onuba, 2018).

Benefits of IPSAS Adoption: The following are some of the identified benefits of IPSAS adoption to include;

Improved Information for Decision Making: The adoption of IPSAS by public sector entities in Nigeria would improve information for good decision making by sector management of government entities. Sound financial information according to him provides sector management of government entities with insights into government's complex operations and can improve decision making when it comes to allocating and reallocating resources among state, local and federal government and competing operational priorities. For example, accrual accounting will provide a clearer picture of governments liabilities such as its debts (internal and external), pension liabilities payable, gratuity due, and amounts owed to contractors, etc. Better knowledge of

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liabilities supports better management of government's assets and liabilities (Udu, 2013; Obara&Efeeloo, 2017).

Comparability and Consistency: The adoption of IPSAS by public sector entities in Nigeria would bring about better comparability and consistency in governments financial statements. He maintained that by aligning the Nigerian government accounting and financial policies with accounting best practices through the application of credible, independent accounting standard on a full accrual basis allows the government to report its results in a consistent and comparable basis not only between governments reporting periods, but also on a comparable basis with other government entities globally. He therefore suggested that by following accounting standards that have been rigorously, reviewed by independent third parties, government's financial statements can be viewed with increased confidence within the local and international community. At the same time the adoption of IPSAS results in improved financial reports, allowing the government to provide more meaningful information to users of its financial statement (Udu, 2013).

Transparency and Strong Internal Controls: The adoption of IPSAS by public sector entities would result in better transparency and internal control system since it requires more financial transactions to be recognized or disclosed either in financial statements (such as inventory, intangible assets, property, plant and equipment, account, payable, accrued staff benefits) or in notes to financial statement. The strengthening of internal control mechanisms in government establishments has been as integral to the IPSAS project since IPSAS forces certain additional operational and financial controls are on to government to ensure that new accounting requirements are met. A strong and functioning system of internal control also ensures enhanced programme delivery and the attainment of government s objectives.

Accountability:IPSAS provides a clearer picture of how financial resources have been used in a given period. This helps to assess managerial performance and the effectiveness of the use of government resources (Obara, &Efeeloo, 2017). IPSAS require a complete and documented account for its assets, liabilities,revenue and expenses in its financial statement leading to enhanced financial and resource stewardship (Obara, &Efeeloo, 2017).Egolum and Ndum (2021) study revealed that the adoption of International public sector accounting standards leads to accountability; enhance transparency and reduce corruption among public officers in the state.

Enhances Quality of Financial Reports: The International Public Sector Accounting Standards adoptionenhancesfinancial reporting quality of public sector entities in Nigeria. The adoption of IPSAS and financial reporting quality has since become a prominent area of accounting research (Zivanai, 2020; Wilson et al, 2020; AhmadImam et al, 2020; Edwin et al, 2020; Amahalu&Chinyere, 2020; Gebreyesus, 2021; Egolum&Ndum, 2021; Beredugo, 2021; Obineme et al, 2021; ThankGod et al, 2021). Ademola et al (2019) empirical results indicated that IPSAS adoption exerted significant and positive relationships with financial reporting quality, timeliness and comparability of financial statements.

Theoretical Review: This study is anchored on institutional theory. The institutional theory was propounded by DiMaggio and Powell (1983), considers organisations as operating within a social framework of norms, values and assumptions about what constitutes appropriate or acceptable economic behaviour (Oliver, 1997). DiMaggio and Powell (1983) identified three mechanisms through which institutional isomorphic change takes place viz: coercive isomorphism which stems from political influence and legitimacy problems; mimetic isomorphism which is standard response to uncertainty and normative isomorphism which is associated with professionalization. In the context of transition to IPSAS Accrual Accounting in the public sector, a form of coercive isomorphism is the pressure international lending agencies (IMF, the World Bank, and ADB) exert on the use of accrual accounting on developing countries as a required prerequisite to follow in order to access a loan (Adebisi et al, 2019). Similarly, the concept of mimetic isomorphism can be perceived in the case of developing countries following accounting practice used in developed countries where its application has been successful. Thus by following the accounting practice of developed countries, developing countries hoped that they can enhance the legitimacy and relevance of their accounting practices. The basic assumptions about institutional theory include: (1) adoption of structures and management practices that are considered legitimate by other organisations in their fields, regardless of their actual usefulness: (2) organisations responding to pressures from their institutional environments and adopting structures/or procedures that are socially acceptable and appropriate organisational choice; and (3) organisations conforming to predominant norms, traditions and social influences in their internal and external environments which will promote governments that gain support and legitimacy by conforming to social pressures (Meyer & Rowan, 1977; DiMaggio & Powell, 1983; Scott, 1987; Olola, 2019; Uzochukwu&Onuora, 2021). Adegun and Adebisi (2016) noted that all the three factors of coercive, mimetic and normative isomorphism intermingled to influence the adoption and implementation of accrual basis IPSAS in Nigeria. Using the foregoing theoretical framework, it can be argued that the implementation of accrual basis IPSAS in Nigeria's public sector can be likened to a form of normative isomorphism which makes her financial reporting system conform with the other professional accounting bodies and international best practices around the world. From the perspective of the public sector, legitimacy might be pursued from other national governments, international organisations and groups of interest (Baker &Morina, 2006). Three mechanisms through which institutional isomorphic change takes place have been identified: (1) coercive isomorphism which stems from external factors like international organisations dictating the use of certain style of management to governments; (2) mimetic isomorphism which is standard response to uncertainty and following the actions of perceived more successful organisations; and (3) normative isomorphism which is associated with professionalization and is concerned with cultural innovations to adopt new styles that are considered superior to the one being used (DiMaggio and Powell, 1983; Olola, 2019; Uzochukwu&Onuora, 2021). The importance of the institutional theory in this study is that. changes in organisational structures or style (such as accounting rule choice) do not occur because of the benefits associated with the new style but such changes do occur as a result of the three mechanisms posited above, that is coercive, mimetic, and normative isomorphism influence the adoption and implementation of accrual basis IPSAS in Nigeria. Using the foregoing theoretical framework, it can be argued that the implementation of accrual basis IPSAS in Nigeria's public sector can be likened to a form of normative isomorphism which makes her financial reporting system conform with the other professional accounting bodies and international best practices around the world. Changes in management practice or culture of an institution to new ones (e.g. from the traditional cash accounting to accrual based IPSAS) do not occur primarily because of the efficiency or usefulness of the new style adopted but as a result of some institutional pressure.

Empirical Review

S/N	***Author & Year of Study***	***Topic***	***Methodology***	***Key findings***	***Individual Research Gap***
1.	Beredugo (2021)	Effect of International Public Sector Accounting Standards (IPSAS) Implementation and Financial Reporting: Issues and Challenges in South-East Nigeria.	The survey research design was used. The Analysis of Variance (ANOVA) was used	The results showed that the challenges that impinge the full implementation of IPSAS in Nigeria include: governments' unwillingness in terms of political-will towards full IPSAS implementation; statutory adjustment, inadequate funding and institutional commitment among others.	The study was conducted in South-East Nigeria.
2.	Obineme et al (2021)	The challenges facing adoption of International Public Sector Accounting Standards (IPSAS) in valuation reporting in Nigeria	Mean, Frequency and Percentage Distribution	Findings indicate that political Challenges ranked first in both respondent's views' with (RII = 4.69) and (RII =5.00) respectively. And others variables followed which affects adoption of IPSAS.	The method of data analysis was descriptive statistics only.

3.	Saleh et al (2021)	The issues and challenges in implementing international public sector accounting standards (IPSAS).	Methodology adopted for the study was review of past studies and published information on the issues and challenges faced by various developing countries in adopting IPSAS.	The study findings showed that the challenges faced by countries in adopting IPSAS can be classified into three categories: (1) Resources which include a lack of competent accounting and finance staff, and a lack of IT facilities and IT support; (2) Accounting and reporting issues related to difficulties in the recognition and measurement of assets, liabilities, revenue and expenses; and (3) Top management commitment in ensuring succesful change management programmes.	Their study employed theoretical method.
4	ThankGod et al (2021)	International Public Sector Accounting Standard (IPSAS) Adoption in Nigeria: The journey so far	The paper adopted literature review of past studies method	The need for the development of unified accounting standards all over the globe and the quest to know the extent of IPSAS adoption and implementation in Nigeria necessitated this study.	Their study adopted literature review of past studies.
5.	Atuilik et al (2016)	Assessed transitioning to IPSAS in Africa: An analysis of the benefits and challenges.	Theoretical method of literature review was employed	The paper first explains the fundamental principles underlying IPSAS, followed by a discussion of the benefits and challenges in	The study employed theoretical method of literature review.

				transitioning to IPSAS in general, and by African governments in particular. Cash and accrual IPSAS are examined and the status of IPSAS adoption by African countries discussed.	
6.	Sabrina and Julien (2014)	International public sector accounting standards (IPSAS) implementation in the European Union (EU) member States.	The employed theoretical literature review approach survey	The survey shows that there are important disparities among the member states, both for the application of IPSAS and for the type of accounting that is used. Furthermore, it appears that even if IPSAS is not legally adopted in most European member states, there is a tendency to use modern accounting systems based on accrual accounting close to IPSAS.	The study was conducted in European Union (EU) member States.

CONCLUSION AND RECOMMENDATIONS

This study has demonstratedthe significance of IPSAS adoption and the challenges faced in Nigeria.The paper illustrated that IPSAS adoption public sector entities would promote accountability, transparency and quality of financial reporting. However, the study demonstrated some of the current challenges pertaining to IPSAS adoption in Nigeria to include governments' unwillingness in terms of political-will towards full IPSAS implementation; statutory adjustment, inadequate funding and institutional commitment, poor IT infrastructure, change management issues amongst others. Hence, professional accountancyorganisations such as the Institute of Chartered Accountants of Nigeria (ICAN) and Association of National Accountants of Nigeria (ANAN) should consider what rolethey can play in growingconsciousness of the need for transparent financial reportingin the public sector entities, including but going beyond providing training on accounting standards. Also governments should introduce plans for smooth and quick migration to full accrual-based IPSAS in all public sector entities in Nigeria so as to maximize the perceived benefits associated with accrual basis of IPSAS.

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