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International Public Sector Accounting Standard (IPSAS) Adoption and Quality of Financial Report in Akwa Ibom State Civil Service

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ABSTRACT: *The study examined the relationship between International Public Sector Accounting Standard (IPSAS) adoption and quality of financial report in Akwa Ibom State Civil Service. To guide the study, three research questions and three null hypotheses were formulated. Descriptive research design was adopted for the study. The population of the study centered on accountants and planning officers in the MDAS of government in Akwa Ibom State Civil Service. Data collected was analyzed to bring out the descriptive statistics and the hypothesis formulated was tested using t-test, the analysis of variance and regression analysis with the aid of SPSS. The findings of the study revealed that IPSAS 3 has a significant positive relationship with faithful representation of financial reports in Akwa Ibom State Civil Service, IPSAS 17 has an insignificant positive relationship with faithful representation of financial reports in Akwa Ibom State Civil Service and that IPSAS 24 has a significant positive relationship with faithful representation of financial reports in Akwa Ibom State Civil Service. Based on the findings of the study, it is concluded that the adoption of IPSAS has a significant effect on the quality of financial report in Akwa Ibom State Civil Service. From the result of the findings, the recommendations made included that Government should engage professionals, and technocrats to drive the process and implementation of IPSAS to reflect stakeholders' expectation and public confident in financial reporting in the public sectors.*
KEYWORDS: international public sector accounting standard (IPSAS), adoption, quality, financial report, Akwa Ibom state, civil service

INTRODUCTION

The world is experiencing a gradual transformation into a global village, with governments and public entities worldwide seeking ways to enhance their public financial management. To ensure effective financial management, the development of uniform standards for financial reporting is crucial. These standards need to provide a framework that guides the preparation and presentation of comprehensive financial statements, ensuring consistency and allowing global users to access the same information (Mugge & Stellinga, 2015). International Public Sector Accounting Standards (IPSAS) have emerged as a focal point for the global revolution in government accounting, responding to the demand for greater financial accountability and transparency.

The public sector comprises entities that implement public policies through service provision and wealth redistribution, primarily supported by compulsory taxes or levies on other sectors. Public sector accounting involves the gathering, recording, classification, and summarization of financial events in the public or government sector, producing financial statements that promote accountability and financial transparency for users associated with public institutions (Udeh & Sopekan, 2015).

The primary role of the International Public Sector Accounting Standards Board (IPSASB) in establishing IPSAS is to ensure uniformity in the content and format of published financial statements. This uniformity enhances communication and facilitates better-informed assessments of governments' resource allocation decisions, thereby increasing transparency and accountability (Opaniyi, 2016). The idea for the harmonization of global accounting standards originally stemmed from a desire for synchronization within the European Union but quickly gained traction worldwide due to its economic benefits. The quality of financial reports is of significant concern, as it not only affects final users but also the broader society, influencing economic decisions with potential impacts. Recent corporate failures, financial scandals, and economic recessions have further emphasized the need for increased transparency and accountability in managing public finances. Consequently, governments worldwide are reforming their financial management systems and processes, with IPSAS becoming the de facto international benchmarks for evaluating government accounting practices globally (Opaniyi, 2016).

The IASB Conceptual Framework for Financial Reporting serves as the main document that outlines the concepts and objectives guiding the preparation and presentation of financial reports. This framework provides a comprehensive structure of concepts derived from an objective, recognizing the rationale behind financial reporting. It establishes guidelines for determining the boundaries of financial reporting, selecting transactions and economic activities to be recognized and measured (or disclosed), and determining formats for summarization and reporting (Grossi & Steccolini, 2015). The fundamental qualitative characteristics of financial information include relevance, materiality, and faithful representation. Relevance refers to the ability of financial information to significantly influence users' economic decisions. Information is considered relevant when it has confirmatory value, predictive value, or both. Materiality is closely related to relevance. Faithful representation implies that information is error-free, complete, and neutral. As IPSAS are globally recognized and accepted as international accounting standards for the public sector, incorporating qualitative characteristics of financial information into its features will contribute to the transparency, accountability, and value relevance that are essential to IPSAS in the public service. Based on this premise, this study aims to explore and enhance these characteristics (Grossi & Steccolini, 2015).

The main objective of this study was to investigate the relationship between IPSAS adoption and quality of financial report in Akwa Ibom State Civil Service. Specific objectives include;

1. To examine the effect of IPSAS 3 on faithful representation of financial reports in Akwa Ibom State Civil Service.

2. To determine the effect of IPSAS 17 on faithful representation of financial reports in Akwa Ibom State Civil Service.
3. To determine the effect of IPSAS 24 on faithful representation of financial reports in Akwa Ibom State Civil service

Conceptual framework

The conceptual relationships among the variables are as shown in figure 2.1 below

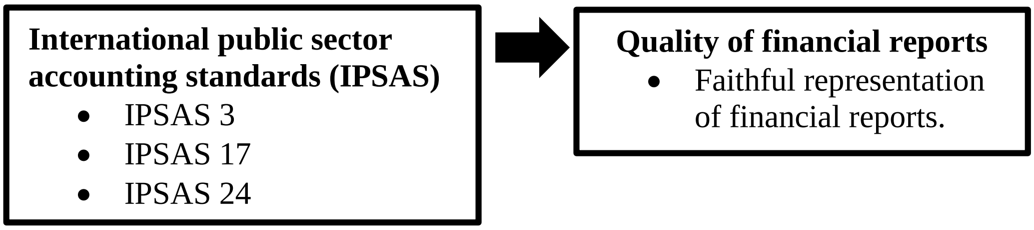

Fig 2.1: Conceptual framework of variables
Source: Researcher's compilation (2024)

International Public Sector Accounting Standards (IPSAS)

IPSAS are norms that govern the recognition, measurement, presentation and disclosure requirements in relation to transactions and events in general purpose financial statements (Opanyi, 2016). The development of IPSAS has its origin in the Accounting profession as a way to improve the transparency and accountability of governments and their agencies by improving and standardizing financial report. Tawiah (2022) asserts that, quality accounting systems improve government accountability to its citizens and serve the needs of government decision-making. Therefore, over the past decades, there have been tremendous efforts to modernized and strengthen the public sector accounting system. One such effort is the development and application of International Public Sector Accounting Standards (IPSAS) (Mügge & Stellinga, 2015; Brusca & Martínez, 2016: Lapsley & Miller, 2019; Tran et al., 2021). According to the International Federation of Accountants (2018), IPSAS as a set of high-quality standards improves governance quality because it increases transparency and accountability in managing public resources (Bakre et al., 2017). Following these perceived benefits, international organizations such as the World Bank, International Monetary Fund, and the United Nations are promoting the adoption of IPSAS as means of improving governance and accountability in the public sector (Bakre et al., 2017).

As argued by Schmidthuber et al. (2020), the adoption of IPSAS is expected to increase transparency and comparability of government financial activities which will strengthen governance. International Federation of Accountants (2008) emphasis that the objective of IPSAS is to serve the public interest by improving preparation, presentation and comparison of government's financial statements. If IPSAS improve, transparency, accountability and decision-making, then it is expected that the adoption of IPSAS will increase governance quality. According to IPSAS Handbook (2015), IPSAS are a set of accounting standards issued by the IPSASB for use by public sector entities around the world in the preparation of financial

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statement. The public sector committee of International Federation of Accountants (IFAC) developed IPSAS to guide government entities in the preparation of high quality financial reports. IFAC encouraged public sector entities to adopt accrual basis of accounting for their general-purpose financial statement so as to ensure uniformity and comparability of financial reporting across countries (Udeh & Sopekan, 2015: Erin, Okoye, Modebe, and Ogundele, 2016).

The accrual IPSAS is based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standard 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 IFRS. The Federal Executive Council (FEC) in Nigeria approved the roadmap for the adoption of IFRS and IPSAS for both private and public sectors respectively in July, 2010. The primary aim of this adoption is to enhance and strengthen the country’s financing reporting standards in line with international best practice (Otunla, 2012). PricewaterhouseCoopers (2012) posits that the objective of IPSAS adoption is to ensure that public interest is served and protected by developing high quality public sector financial reporting standards and by ensuring the convergence of both national and international standards, thereby enhancing the quality, transparency and uniformity of financial reporting throughout the world.

Consequently, as at the period in consideration, some countries were yet to implement IPSASs and these include Afghanistan, Armani, Austrian, Estonia, Lebanon, Republic of Macedonia, United Arab Emirates, Ghana and Nigeria. However, by 2014 the Nigerian Federation Account Allocation Committee (FAAC) approved the implementation and commencement of IPSASs cash basis while the IPSASs accrual basis was to be implemented by 2016 (Oyewobi and Ifeoluwap (2019). Even so, posits that, IPSASB has acknowledged that for many governments, adoption of a cash-basis IPSAS is a more realistic intermediate goal. Thus, the primary role of the IPSASB is to ensure that published financial statements are uniform in content and in format and communicate precisely what they purport to convey leading to better informed assessments of the resource allocation decisions made by governments, thereby increasing transparency and accountability.

IPSAS 3: Accounting policies, changes in accounting estimates and errors

IPSAS 3, "Accounting policies, changes in accounting estimates and errors," has significantly influenced the quality of financial reports in the public service. This standard provides guidelines on selecting and applying accounting policies, handling changes in accounting estimates, and addressing errors in financial statements. By promoting consistency, transparency, and accuracy in financial reporting, IPSAS 3 has had a positive impact on the overall quality of financial reports. One way IPSAS 3 has improved financial reporting is by establishing clear criteria for selecting and applying accounting policies. The standard requires entities to choose policies that are relevant, reliable, and provide faithful representation of their financial position and performance (Opanyi, 2016). This helps ensure that financial information is presented in a consistent and meaningful manner, enhancing the quality of the reports and enabling better decision making by users.

Furthermore, IPSAS 3 addresses changes in accounting estimates, which occur when new information becomes available or circumstances change. It mandates that changes in estimates should be recognized prospectively, enhancing the reliability of financial information (Oyewobi & Ifeoluwapo, 2019). This requirement allows users to assess the impact of new information on an entity's financial position and performance accurately. IPSAS 3 also addresses the treatment of errors in financial statements. It requires entities to correct material errors retrospectively, ensuring the accuracy of financial reports (Otunola, 2012). This helps prevent misinterpretation of financial information and improves the trustworthiness of the reports in the public service. In conclusion, IPSAS 3 has had a significant impact on the quality of financial reports in the public service. Through its guidance on accounting policies, changes in accounting estimates, and errors, this standard has promoted consistency, transparency, and accuracy in financial reporting. As a result, financial reports in the public service are now more reliable, comparable, and trustworthy, providing stakeholders with better information for decision-making.

IPSAS 17: Property, plant, and equipment

IPSAS 17, "Property, plant, and equipment," has had a significant influence on the quality of financial reports in the public service. This standard provides guidance on accounting for property, plant, and equipment (PPE) owned or used by public sector entities. By establishing clear principles and requirements for recognizing, measuring, presenting, and disclosing PPE, IPSAS 17 has improved the quality and comparability of financial information. One key contribution of IPSAS 17 is its impact on the recognition and initial measurement of PPE. The standard requires entities to recognize PPE as assets when they meet the definition and recognition criteria outlined in the standard (Udeh & Sopekan, 2015). This ensures that only items meeting specific criteria are recognized as assets, enhancing the reliability and relevance of financial reports.

In addition, IPSAS 17 establishes requirements for the presentation and disclosure of PPE in financial reports. The standard mandates the separate presentation of different classes of PPE and the disclosure of useful information such as carrying amount, accumulated depreciation, and any restrictions on the entity's ownership or use of PPE (Tawiah, 2022). These presentation and disclosure requirements improve transparency and enable stakeholders to have a clear understanding of the nature, extent, and financial impact of PPE on an entity's operations. The influence of IPSAS 17 on the quality of financial reports in the public service can be seen through its promotion of consistency and comparability. By providing standardized guidelines for the recognition, measurement, presentation, and disclosure of PPE, the standard ensures that financial information related to PPE is consistent across different entities within the public sector. This allows users to make meaningful comparisons and assessments of the financial position and performance of public sector entities as opined by Obara and Nangih (2017).

IPSAS 24: Presentation of budget information in financial statements

IPSAS 24, "Presentation of Budget Information in Financial Statements," has had a significant impact on the quality of financial reports in the public service. This standard provides guidance on the presentation and disclosure of budget information in the financial statements of public sector entities. By establishing clear requirements for the presentation of budget information, IPSAS 24 has improved transparency, accountability, and comparability in financial reporting. IPSAS 24 sets out specific requirements for the presentation of budget information in the financial statements. It mandates the inclusion of a budget comparison statement that compares actual amounts with budgeted amounts, as well as an explanation of significant variances (Okere, *et al*, 2017). This presentation requirement enhances transparency by providing users with a clear understanding of how actual financial performance compares to the budgeted expectations, promoting accountability in the use of public funds.

In addition, IPSAS 24 encourages the disclosure of additional information to enhance the usefulness of financial reports. This includes disclosing the major components of revenues and expenses, the availability of unspent budget appropriations, and the reasons for significant differences between the budget and actual amounts (Ademola, *et al*, 2022). These disclosures provide stakeholders with a comprehensive view of the financial position and performance of public sector entities, enabling them to make informed decisions and assessments. The influence of IPSAS 24 on the quality of financial reports in the public service can be observed through its enhancement of transparency and comparability. By requiring the presentation and disclosure of budget information, the standard ensures that financial reports provide a comprehensive view of the entity's financial performance in relation to its budgeted expectations. This allows users to assess the efficiency and effectiveness of budgetary allocations and resource utilization across different entities within the public sector.

Quality of financial reports

Financial reporting is a communication of financial statements and related information from a business enterprise to third parties (external users). The main objective of financial reporting is to provide high-quality information on reporting entities, which can be used for sound economic decisions making (Oyewobi & Ifeoluwapo, 2019). This can positively influence present and potential capital providers and other stakeholders when making economic decisions; (investments, credit decisions, and allocating resources) that may enhance overall capital markets efficiency (Schmidthuber, Hilgers, & Hofmann, 2020). It also provides information on management’s effectiveness in utilizing the resources and running the enterprise. Accountability is beyond the narrow limits of companies’ legal responsibility to shareholders. It obviously includes the interest of persons other than existing shareholders.

Quality of financial reporting is the precision with which financial reports convey information about the firm’s operation. Indeed, so many definition of financial reporting quality are encountered based on the objectives of each research. For instance, Tang et al (2008), financial reporting quality as “the extent to which the financial statements provide true and fair information about the underlying performance and financial position”. A commonly accepted definition of financial reporting quality is provided by Jonas and Blanchet (2000), which states that “financial reporting quality is full and transparent financial information that is not designed to obfuscate or mislead users”. In the same vein, Lister (2007) defined financial reporting quality as “the precision with which financial reports convey information about the firm’s operations, in particular its cash flows, in order to inform equity investors”.

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Other researchers (Tang, Chen & Zhijun, 2008; Appah, & Appiah, 2010; Bellanca, & Vandermoot, 2014) define financial reporting quality as "the extent to which the financial statements provide true and fair information about the underlying performance and financial position". The concept of financial reporting quality is therefore broad and includes financial information, disclosures and non-financial information useful for decision making. Jonas and Blanchet (2000) describe two general perspectives that are widely used in the assessment of financial reporting quality Baxter (2007) pointed out that the first perspective relies on the needs of users. From this perspective, financial reporting quality s determined on the basis of the usefulness of the financial information to its users. The second perspective is focused on the notion of shareholder/investor protection. While the user needs perspective is mainly concerned with the provision of relevant information to users for making decisions, the shareholder/investor protection perspective aims to ensure that the information provided to users is sufficient for their needs, transparent and competent (Jonas & Blanchet, 2000).

As a response to the need for improvement and convergence of existing financial reporting frameworks of IASB and FASB, the IASB issued in 2008 an exposure draft titled "An improved conceptual framework for Financial Reporting". According to IASB's conceptual framework a key prerequisite for financial reporting quality is the adherence to the objective and the qualitative characteristics of financial reporting information (IASB 2008).

Financial reports should meet certain qualitative criteria in order to avoid poor quality and accomplish their purpose (Alamu, 2014). Qualitative characteristics are the attributes that make financial information useful and these comprises of relevance, faithful representation, comparability, verifiability, timeliness and understandability. Qualitative characteristics are distinguished as fundamental or enhancing depending on the way they affect the usefulness of the information (Aduwo, 2019). The role however of financial reporting is broader and aims to provide even-handed financial and other information that together with information of other sources facilitates the efficient functioning of capital and other markets and assists the efficient allocation of the scarce resources in the economy.

Faithful representation of financial reports

The concept of faithful representation in financial reporting refers to the extent to which financial information accurately represents the underlying transactions, events, and conditions of an entity. Faithful representation ensures that financial reports provide reliable and unbiased information for decision-making. The adoption of IPSAS (International Public Sector Accounting Standards) has greatly influenced the faithful representation of financial reports in the civil service. IPSAS adoption has significantly improved the faithful representation of financial reports in the civil service by establishing a standardized framework for financial reporting.

Prior to IPSAS adoption, different public sector entities often applied diverse accounting practices, resulting in inconsistent and unreliable financial information. By implementing IPSAS, public sector entities have aligned their accounting policies and practices with internationally recognized standards, leading to improved consistency and comparability of financial reports (Aduwo, 2019).

Moreover, IPSAS provides clear guidance on recognition, measurement, presentation, and disclosure of items in financial statements, ensuring that the financial information presented is accurate and comprehensive. For example, IPSAS 1, "Presentation of Financial Statements," sets out specific requirements for the presentation and classification of items in financial reports, including the distinction between current and non-current assets and liabilities (Lapsley & Miller, 2019). These requirements contribute to the faithful representation of financial information by providing users with a clear and logical presentation of an entity's financial position and performance.

Relationship between IPSAS adoption and faithful representation of financial reports

The adoption of IPSAS (International Public Sector Accounting Standards) in the civil service has a significant impact on the quality of financial reports, particularly in terms of faithful representation. IPSAS 3, IPSAS 17, and IPSAS 24 are specific standards that contribute to improving the quality and faithful representation of financial reports in the civil service.

IPSAS 3, "Accounting Policies, Changes in Accounting Estimates and Errors," ensures that public sector entities apply consistent accounting policies, which enhances the quality and comparability of financial reports. Under this standard, entities are required to select and apply accounting policies that result in financial information faithfully representing the entity's transactions and conditions (Alamu, (2004). By establishing clear guidelines for selecting and applying accounting policies, IPSAS 3 helps eliminate inconsistencies and biases, ultimately leading to more accurate and reliable financial reports in the civil service.

IPSAS 17, "Property, Plant and Equipment," provides comprehensive guidance on accounting for and reporting of property, plant, and equipment. This standard ensures that public sector entities recognize, measure, and disclose such assets in a manner that faithfully represents their economic substance. IPSAS 17 requires entities to regularly assess the carrying amounts of property, plant, and equipment, ensuring that they are not materially misstated (Alamu, 2004). By adhering to IPSAS 17, entities enhance the accuracy and reliability of their financial reports by capturing the relevant information related to property, plant, and equipment, providing users with a faithful representation of the entity's asset base.

IPSAS 24, "Presentation of Budget Information in Financial Statements," focuses on the presentation and disclosure of budget information in financial reports. This standard ensures that budgetary information is transparently and accurately presented so that users can understand the relationship between the entity's actual financial performance and its budgeted amounts. IPSAS 24 requires the disclosure of significant variances between actual and budgeted amounts, providing users with a comprehensive view of an entity's financial performance and accountability (Opanyi, 2016). By following IPSAS 24, public sector entities demonstrate transparency and accountability, enhancing the faithful representation of financial reports.

The adoption of IPSAS 3, IPSAS 17, and IPSAS 24 collectively contributes to the faithful representation of financial reports in the civil service. These standards promote consistency in accounting policies, ensure accurate recognition and measurement of assets, and enhance the transparency and disclosure of budget information. As a result, financial reports generated in accordance with these IPSAS standards provide users with reliable, comparable, and comprehensive information for decision-making purposes. In conclusion, the adoption of IPSAS 3, IPSAS 17, and IPSAS 24 greatly influences the quality and faithful representation of financial reports in the civil service. These standards establish guidelines for consistent accounting policies, accurate recognition and measurement of assets, and transparent budget information presentation, ultimately enhancing the reliability and usefulness of financial reports to stakeholders.

Theoretical framework

Anomie Theory by Robert Merton (1983)

Anomie theory was adopted as theoretical framework in this paper. The theory holds that deviance is a function of the conflict between prescribed goals and the means they can use to legally obtain these goals. Robert Merton's Anomie theory focuses on the societal and institutional factors that influence individual behavior. According to Merton, anomie refers to a state of normlessness or a breakdown in social norms and values. When individuals face a lack of clarity in societal norms, it can lead to deviant behavior. In the context of IPSAS adoption, we can interpret this anomie as the absence of standardized accounting practices and guidelines in the civil service. Prior to the adoption of IPSAS, many public sector entities followed different accounting frameworks and practices (Udeh & Sopekan, 2015). This lack of standardized norms resulted in inconsistent financial reporting across different civil service organizations. The absence of clear norms led to a lack of comparability and reliability in financial reports, hindering transparency and decision-making.

However, with the adoption of IPSAS, a standardized set of accounting principles and guidelines is established. IPSAS provides clear norms for various aspects of financial reporting, such as accounting policies, property, plant and equipment, and presentation of budget information (Ademola, Adegoke, & Oyeleye, 2017) These standards provide a common framework for civil service organizations to prepare their financial reports, ensuring consistency, accuracy, and comparability. By embracing IPSAS, civil service organizations adhere to a defined set of norms that guide their financial reporting practices. This adherence to norms reduces the occurrence of anomie by providing a clear direction, ensuring that financial reports accurately represent the organization's transactions and conditions. As a result, the adoption of IPSAS contributes to the enhancement of the quality of financial reports in the civil service, promoting faithful representation.

Empirical review

Okpo (2019) examined implementation of Accrual Based IPSAS in Nigeria: Issues, Challenges and way forward. The Federal Government of Nigeria adopted the International Public Sector Accounting Standards in 2016. Prior to its adoption so much underground activities have gone on in order to ensure a smooth transition from the old method to the new method. This study was commissioned to evaluate the adequacy of the facilities put in place. In order to achieve this, a set of questionnaires was designed and administered on selected staff of ministries, departments and agencies of government in order to obtain their views regarding availability of required facilities. The analysis of responses indicates that the facilities are adequate in some areas while lacking in others. The study recommended amongst others that government should continue to train operators as well set feedback machineries in motion in order to track areas that are not complying.

Udeh and Sopekan (2015) examined the implications of adoption of International Public Sector Accounting Standards (IPSAS) on the quality of financial reporting of public sector organizations in Nigeria. Primary source of data was employed. Chi-square test and Kruskal Wallis test were employed. Findings from the study showed that adoption of IPSAS would increase the level of reliance on the financial reporting of public sector organizations in Nigeria. In addition, it was found that applying IPSAS to public sector financial reporting would make the results of financial reporting of public sector organizations comparable. It was concluded that IPSASs have the potential to give a better financial integrity assurance. The study recommended reforms in public financial management and strengthening of Legislative capacity to balance the executive power. Therefore, the adoption of IPSAS is expected to influence the operating procedures and reporting practices of public sector organizations in Nigeria.

Erin, Okoye, Modebe & Ogundele (2016), examined the impact of IPSAS adoption on the quality of financial reporting in the Nigerian public sector. 164 respondents selected from the account departments of all government ministries under the Lagos State public service were sampled for the study. The study used regression analysis method to investigate the impact of IPSAS adoption on the quality of financial reporting in the Nigerian public sector. The study adopted adjusted R^2 as a primary metric for measuring the model specification. The regression result showed that IPSAS adoption has a significant positive impact on the quality of financial reporting in the Nigerian public sector. The study recommended that regulatory authorities should adopt adequate measures to ensure compliance by those saddled with the responsibility of preparing public sector financial statements. Also, measures should be taken to enhance the disclosure of relevant financial information that will help users take useful economic decisions.

Opanyi (2016), focused on effect of adoption of IPSAS on quality of financial reports in meeting the criteria for decision usefulness. The design of the study was the descriptive survey design while the target population was the 19 ministries of the national government in Kenya. Data was collected using secondary means and was analyzed using descriptive statistics and t-test for differences. The study indicated enhancement in the quality of characteristics of comparability, relevance, timeliness and faithful representation by adoption of IPSAS while the quality of characteristics of understandability declined. The study also showed no significant difference in items pertaining to transparency and accountability indicating that the goal for government reforms in achieving greater transparency and accountability may not be fully achieved. The study also revealed that adoption of IPSAS is adjudged to have moderate effect on quality of financial reports in public sector in Kenya using a 5 point likert scale. The study concluded that there exist statistically significant difference between old accounting standard-based financial reports and IPSAS-based financial reports in meeting the criteria for decision usefulness as revealed by paired-sample t-test.

Ademola, Adegoke, and Oyeleye (2017), evaluated the impact of International Public Sector Accounting Standard (IPSAS) on the financial accountability of selected local governments of Oyo State, Nigeria. The impact of IPSAS adoption on corruption reduction, transparency and accountability in the selected Local Governments were critically examined. The study which adopted survey design collected data using five point likert-scale questionnaires which was administered on sample of 105 Accountants and Internal Auditors in the selected local governments of Oyo State Nigeria. The data was analyzed using descriptive statistics. The hypotheses formulated were tested using chi-square analysis at 5% level of significance. The result of the study showed that adoption of IPSAS increases the level of accountability, transparency and reduces corruption in the selected local governments. This implied that the economy of Nigeria will be better off if IPSAS is fully adopted and implemented.

Okere, Eluyela, Bassey and Ajetunmobi (2017)**,** evaluated the relationship between International Public Sector Accounting Standard (IPSAS) adoption and reliability, credibility and integrity of financial reporting in State Government Administration in Nigeria. The study made use of survey research design. The findings 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.

Obara and Nangih (2017), examined the effects on IPSAS adoption on government reporting in Nigeria. Primary data were sourced amongst accountants and auditors of government ministries, departments and agencies within the Rivers State Civil Service. The data were presented using tables and charts. They were further analyzed using simple percentages. The study revealed that IPSAS adoption will result in financial transparency/accountability, strengthened internal controls, boosts financial and resource stewardship and increased efficiency in decision making and good governance.

Aduwo (2019), examined the effect of International Public Sector Accounting Standards on financial accountability in the Nigerian public sector. Specifically, the study investigated the effect of International public sector accounting standards on the efficient management of public fund in the Nigerian public sectors and assessed the extent to which international public sector accounting standards enhance effective budget implementation in the Nigeria public sector. The population of the study comprises of all the staff in internal audit department, accounting department and finance department of the 18 Local Governments in Ondo State. Questionnaire was used to gather information from the selected respondents in the departments. The questionnaire was ranked using five-point Likert scale. The study employed Multiple Regression Analysis and Pearson's Correlation Matrix to identify the effect of International

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Public Sector Accounting Standards on financial accountability in the Nigerian public sector. The study revealed that International Public Sector Accounting Standards has positive and significant effect on the efficient management of public funds in the Nigerian Public sector. The study recommended that the federal government should release fund to power the adoption of IPSAS and made fund available for training of civil servants on International Public Sector Accounting Standards software.

Oyewobi and Ifeoluwapo (2019), evaluated the adoption of International Public Sector Accounting Standards (IPSASs) as well as the financial report quality in Lagos State. The paper employed primary source of data, while the population consisted of all the public sector workers in Lagos State. The sample size was 300 comprising public sector accountants and auditors using stratified random sampling technique. Data were collected with the aid of questionnaires. A total of 291 copies of questionnaire were retrieved from the respondents. Data were analyzed using paired sampled T-test. The paper revealed that the adoption of IPSASs has a significant influence on financial report quality and concluded that the adoption of IPSASs influenced financial report quality in Lagos State.

Ademola, Ben-Caleb, Madugba, Adegboyegun and Eluyela (2020), evaluated the relationship between IPSAS adoption and financial reporting quality in South West, Nigeria. Specifically, it analysed the effect of IPSAS adoption on credibility and comparability of financial statements.

Additionally; salient factors influencing IPSAS implementation were investigated. Primary data collected from one hundred and eighty accountants in South West Nigeria were analysed using tabulation, graphs, factor analysis, and Goodman and Kruskal"s gamma statistics. The empirical results indicated that IPSAS adoption exerted significant and positive relationships with financial reporting quality, credibility and comparability of financial statements. Decisively, discoveries from this study reflect that implementation cost, staff training, technological factor, IPSAS knowledge and awareness and availability of expertise significantly affect IPSAS implementation. However, findings further revealed that IPSAS implementation is not significantly influenced by institutional commitment, cultural, sociological, legal, political and environmental factors. Based on these findings, the authors recommended that considerable amount of money should be set aside for full adoption and implementation of IPSAS in Nigeria.

Tawiah (2022) examined the impact of the International Public Sector Accounting Standards (IPSAS) adoption on governance quality using large panel data of 107 developed and developing countries. The results showed that IPSAS has a positive and significant influence on governance quality, suggesting that IPSAS ensure accountability and transparency between the government and its citizens. However, the study found that the positive effect of IPSAS is limited to developing countries.

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Summary of empirical review and gap in literature

All the studies reviewed except one indicated significant effect of IPSAS on quality of financial reporting in public sector organizations. The extent to which this apply to Akwa Ibom State Civil service is still debatable. Consequently, items discussed were either integrity, credibility, accountability, transparency, comparability, value relevance among others. None of the studies addressed the issue of transparency, accountability and comparability – the very essence of IPSAS at a time on the quality of financial reporting in the public sector. Again, the study on the effect of IPSAS on quality of financial reporting in Akwa Ibom State Civil Service is not included in all the review. These gaps the present study intends to fill.

Research design

Descriptive survey design was adopted for this study. This was because the study provide an understanding of the relationships among the research variables. According to Emenyi and Effiong (2020), & Simeon and Essien, (2021) descriptive research is used for understanding phenomenon in terms of its likely causes.

Population of the study

A population is defined as an entire group of individual or objects having common observable characteristic. According to Okpo, and Emenyi (2023), and Emenyi, and Okpokpo (2023), it refers to the entire group of people, items or things of interest that the researcher wishes to investigate and from which the sample is drawn and studied. The population of this study is 100 accountants and planning officers selected from the Ministries, Departments and Agencies of Government in Akwa Ibom State Civil Service.

Sample size and sample size determination

The sample size of this study was determined using Taro Yamani formula and this is given as $\boldsymbol{n} = \frac{\mathrm{N}}{1+\mathrm{N}(e)^2}$

Where: n = sample size required
N = Population
e = significant level = 5%

From the formula above, the sample size of this study is computed as:

$$\boldsymbol{n} = \frac{\mathrm{N}}{1+\mathrm{N}(e)^2}$$
$$\boldsymbol{n} = \frac{100}{1+100(0.05)^2}$$
$$\boldsymbol{n} = \frac{100}{1+100(0.0025)}$$
$$\boldsymbol{n} = \frac{100}{1+0.25}$$
$$\boldsymbol{n} = \frac{\mathbf{100}}{1.25}$$

n = ***80.*** Therefore, the sample size of this study is 80.

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Sampling technique
A non- probability convenience sampling technique was used for the study. This technique was chosen so as to give the researcher ease of assessing information based on accessibility and availability. With this technique a total of ten MDAs was selected for the study.

Sources of data and method of data collection
In this study data was gathered from primary data sources. According to Okpo, Umoren and Simeon, (2024), primary data can be generated through structured questionnaire. In administering the research instrument, the researcher adopted a personal delivering method to distribute the questionnaire to ensure effective return rate.

Method of data analysis
The data collected was analyzed to bring out the descriptive statistics while the hypotheses formulated for the study was tested using related t-test, the analysis of variance (ANOVA) and regression analysis with the aid of SPSS. Null hypothesis (Ho) would be rejected if the calculated statistical probability is less than the p-value at 0.05 (5%) level of significance.

Model specification
Given the relationship among the variables of the study, quality of financial reporting is the dependent variable while IPSAS adoption is the independent variable. If quality of financial reporting is designated as FR and IPSAS as X,

Model was adopted from Okpo (2019) and the relationship can be modeled as;

FR = f(X) eqtn (1)

If X is further disaggregated into its various components, (1) can be written as;

FRep = *f* (IPSAS3, IPSAS17, IPSAS 24) eqtn (2)

Equation 2 stipulates that Faithful representation (FRep) is a function of IPSAS 3, IPSAS 17 and IPSAS 24 employed in its preparation.

To model (2) for estimation, we have;

$$\mathbf{FRep = \beta_0 + \beta_1 IPSAS3 + \beta_2 IPSAS17 + \beta_3 IPSAS24 + \mu} \qquad \text{equ (3)}$$

Where:
FRep = Faithful representation of financial reports
IPSAS3 = IPSAS 3
IPSAS17 = IPSAS 17
IPSAS24 = IPSAS 24
μ = stochastic error term
β_0 = intercept
$\beta_1 - \beta_3$ are parameters

Reliability of the instrument
Reliability in this context refers to the measure of consistency of the instrument used in eliciting relevant and desirable responses from respondents so that the objectives can be reliably and meaningfully achieved. In order to determine the reliability of the instrument used in the study, the corrected questionnaire was administered randomly on selected staff. This approach was

repeated with the same group after a two-month's period and the results obtained from the first and second pre-test were consistent, therefore, the instrument is reliable.

Validity of research instrument

The validity of the research instrument was assessed by the supervisor and other experts in the Department of Accounting. These experts assessed the relevance of each item in relation to the objective of the study, the hypotheses to be tested as well as the comprehensibility of each item in relation to the cognitive level of the respondents. They validated the statement by effecting necessary corrections examining the contents and ascertaining clarification of ideas as well as appropriateness of the items.

Data presentation and analysis

The presentation of data is divided into two sections which is the presentation of demographic information of the respondents and the response to the research questions. The study had a response rate of 100% as the researcher issued 80 copies of the questionnaire all the copies were returned.

Table 4.1 Sex

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	30	37.5	37.5	37.5
	Male	50	62.5	62.5	100.0
	Total	80	100.0	100.0	

Source: Researcher's Computation, 2024

The respondents were made up of 30(37.5%) female and 50(62.5%) female. This implies that there were more males in Akwa Ibom State Civil Service than females.

Table 4.2 Age of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 30 years	27	33.8	33.8	33.8
	30- 50 years	35	43.8	43.8	77.5
	Over 50 years	18	22.5	22.5	100.0
	Total	80	100.0	100.0	

Source: Researcher's Computation, 2024

The result in Table 4.2 indicates that 27(33.8%) of the respondents were below 30 years, 35(43.8) were 30-50 years and 18 (22.5%) over 50 years.

Table 4.3 Educational Qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SSCE	7	8.8	8.8	8.8
	OND	26	32.5	32.5	41.3
	HND/B.Sc	25	31.3	31.3	72.5
	M.Sc/Ph. D	22	27.5	27.5	100.0
	Total	80	100.0	100.0	

Source: Researcher's Computation, 2024

The result in Table 4.3 showed that 7(8.8%) of the respondents were holders of SSCE, 26(32.5%) of the respondents were holders of OND, 25(31.3%) of the respondents were holders of HND/B.Sc and 22(27.5%) were holders of M.Sc/Ph.D.

Table 4.4 Years Of Experience:

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5 years	3	3.8	3.8	3.8
	6-10 years	23	28.7	28.7	32.5
	11 -20 years	43	53.8	53.8	86.3
	above 20 years	11	13.8	13.8	100.0
	Total	80	1 00.0	100.0	

Source: Researcher's Computation, 2024.

The number of years that the respondents have spent in Civil Service was presented in Table 4.4. The frequency is given thus; 1-5 years 3(3.8%), 6-10 years 23(28.7%), 11-20 years 43(53.8%) and above 20 years 11(13.8%).

Test of Hypotheses

The hypotheses formulated by the researcher were tested in this section, in line with the decision rule: Reject the null hypothesis if the computed F-statistics value is greater than the critical value of F-statistics at 5% level of significance. Accept the null hypothesis if the computed F-statistics value is less than the critical value of F-statistics at 5% level of significance.

Test of hypothesis one

Ho_1: IPSAS 3 has no significant relationship with faithful representation of financial reports in Akwa Ibom State Civil Service.

Table 4.5 ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	13.255	1	13.255	4.150	.045[b]
	Residual	249.132	78	3.194		
	Total	262.387	79			

a. Dependent Variable: FRep
b. Predictors: (Constant), IPSAS3

Source: Researcher's Computation, 2024.

Table 4.6 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	25.667	1.367		18.780	.000
	IPSAS3	.154	.076	.225	2.037	.045

a. Dependent Variable: FRep
Source: Researcher's Computation, 2024.

The hypothesis was tested using simple linear regression analysis with the aid of Statistical Package for Social Sciences (SPSS).The result in Table 4.6 indicates a regression coefficient (r) of 0.225 and a probability value of 0.045. In Table 4.5, the F-statistics was 4.150 and the critical F-statistics was 3.963. This implies that IPSAS 3 has a significant positive relationship with faithful representation of financial reports in Akwa Ibom state civil service. In line with the decision rule of the study, the null hypothesis one is rejected because the calculated F-Statistics is greater than the critical F-statistics at 5% level of significance. Hence, the alternate hypothesis was accepted.

Test of hypothesis two

Ho_2: IPSAS 17 has no significant relationship with faithful representation of financial reports in Akwa Ibom State Civil Service.

Table 4.7 ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9.899	1	9.899	3.058	.084[b]
	Residual	252.488	78	3.237		
	Total	262.387	79			

a. Dependent Variable: FRep
b. Predictors: (Constant), IPSAS17
Source: Researcher's Computation, 2024.

Table 4.8 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	24.441	.897		27.243	.000
	IPSAS17	.092	.053	.194	1.749	.084

a. Dependent Variable: FRep
Source: Researcher's Computation, 2024.

The result in Table 4.8 indicates a regression coefficient (r) of 0.194 and a probability value of 0.084. In Table 4.7, the F-statistics was 3.058 and the critical F-statistics was 3.963. This indicates the existence of an insignificant positive relationship between IPSAS 17 and faithful representation of financial reports in Akwa Ibom state civil service. In line with the decision rule of the study, the null hypothesis two is accepted because the calculated F-Statistics is less than the critical F-statistics at 5% level of significance. Hence, the alternate hypothesis was rejected.

Test of hypothesis three

Ho_3: IPSAS 17 has no significant relationship with faithful representation of financial reports in Akwa Ibom State Civil Service.

Table 4.9 ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	50.506	1	50.506	18.593	.000[b]
	Residual	211.882	78	2.716		
	Total	262.387	79			

a. Dependent Variable: IPSAS24
b. Predictors: (Constant), FRep

Source: Researcher's Computation, 2024.

Table 4.10 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.344	2.458		5.022	.000
	IPSAS24	.443	.103	.439	4.312	.000

a. Dependent Variable: FRep

Source: Researcher's Computation, 2024.

The result in Table 4.10 had a regression coefficient (r) of 0.439 and a probability value of 0.000. In Table 4.9, the F-statistics was 18.593 and the critical F-statistics was 3.963. This indicates a positive significant relationship between IPSAS 24 and faithful representation of financial reports in Akwa Ibom state civil service. In line with the decision rule of the study, the null hypothesis three is rejected because the calculated F-Statistics is greater than the critical F-statistics at 5% level of significance. Hence, the alternate hypothesis was accepted.

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DISCUSSION OF FINDINGS

Table 4.11 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.472[a]	.223	.192	1.63812

a. Predictors: (Constant), IPSAS3, IPSAS17, IPSAS 24.

Source: Researcher's Computation, 2024.

Table 4.12 ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	58.447	3	19.482	7.260	.000[b]
1	Residual	203.941	76	2.683		
	Total	262.387	79			

a. Dependent Variable: FRep

Source: Researcher's Computation, 2024.

In Table 4.11, the result showed that R= 0.472, R square= 0.223 and R square adjusted = 0.192. R square is called the coefficient of determination. It measures the degree variation in the dependent variable explained by the independent variable. The R square, which is the coefficient of determination, of 0.223 implies that about 22.3% variation of financial reporting in Akwa Ibom State Civil Service is influenced by IPSAS adoption.

The joint influence of IPSAS 3, IPSAS 17 and IPSAS 24 in Akwa Ibom State Civil Service was also evaluated. The result in table 4.12 revealed the probability value of 0.000 ($p<0.05$), this implies that the effect of IPSAS adoption on financial reporting in Akwa Ibom State civil service is statistically significant.

The result of the findings revealed that IPSAS 3 has a significant effect on financial reporting in Akwa Ibom State Civil Service. This can be further explained that the adoption of IPSAS 3 by Akwa Ibom State Civil Service contribute positively to the citizens reliance of its financial information. This findings is in consonance with the works of Erin, Okoye, Modebe and Ogundele (2016) and Okere, Eluyela, Bassey and Ajetunmobi (2017).

The findings revealed that IPSAS 17 has no significant effect on financial reporting in Akwa Ibom State Civil Service. This can be explained that IPSAS 17 contributed only but a little to financial reporting, since government owes the public the duty of stewardship. The findings of the study is contrary to the findings of Opanyi (2016).

The findings further revealed that IPSAS 24 has a significant effect on financial reporting in Akwa Ibom State Civil Service. This implies that financial report prepared in line with IPSAS

24 possesses higher predictive value that others standards. The findings is in line with the study conducted by Opanyi (2016); Obara and Nangih (2017), and Aduwo (2019).

Summary of findings

The objective of this study was to investigate the relationship between IPSAS adoption and quality of financial report in Akwa Ibom State Civil Service. Selected Ministries was adopted as the study population and descriptive research design was used for the study. The data used for this study was from primary sources. Simple linear regression and descriptive statistics was used as the method of data analysis, with the aid of Statistical Package for Social Sciences (SPSS). The finding of the study revealed the following:

1. IPSAS 3 has a significant positive relationship with faithful representation of financial reports in Akwa Ibom State Civil Service.
2. IPSAS 17 has an insignificant positive relationship with faithful representation of financial reports in Akwa Ibom State Civil Service.
3. IPSAS 24 has a significant positive relationship with faithful representation of financial reports in Akwa Ibom State Civil Service.

CONCLUSION

Based on the findings of the study, it is concluded that the adoption of IPSAS has a significant effect on the quality of financial report in Akwa Ibom State Civil Service. It can be further explained that IPSAS financial statement present a more reliable information to users of financial statements than any other standard.

Recommendations

From the result of the findings, it was recommended that:

1. Trainings and seminars be conducted in all government Ministries, Departments and Agencies on the relevance of IPSAS.
2. Government should put measures in place to check compliance to IPSAS by Public Sector entities and violators should be punished accordingly to serve as deterrent to others.
3. Government should engage professionals, and technocrats to drive the process and implementation of IPSAS to reflect stakeholders' expectation and public confident in financial reporting in the public sectors.
4. In order to embrace IPSAS easily in Nigeria, tertiary institutions should include the study of IPSAS in the University Curriculum.

Contribution to Knowledge

Below is a summary of this present study's key contributions to knowledge.

1. The study reinforced the need for Akwa Ibom State Civil Service to take the issue of IPSAS more seriously and work toward improving the quality of financial reports.

2. This study provides insights into the impact of specific IPSAS standards (IPSAS 3, IPSAS 17, and IPSAS 24) on the faithful representation of financial reports in a specific civil service context.
3. It emphasizes the need for further research and exploration into improving the adoption and implementation of IPSAS 17 or exploring alternative standards that may be more effective in enhancing financial reporting accuracy and reliability

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APPENDIX I

QUESTIONNAIRE

Please read carefully and tick (✓) the appropriate column for each statement as promptly as possible.

PERSONAL DATA

SECTION A

1) SEX: a. Female [ ] b. Male [ ]
2) AGE: (a.) Below 30 years [ ] (b.) Between 30-50 years [ ] (c.) Over 50 years [ ]
3) EDUCATIONAL BACKGROUND: a. OND [ ] (b.) HND/B.Sc (c.) M.Sc. [ ]
4) YEARS OF EXPERIENCE: a. 1-5 Years [ ] (b.) 6-10 Years (c.) 11 and above [ ]

SECTION B

EFFECT OF INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARD (IPSAS) ON QUALITY OF FINANCIAL REPORTING QUESTIONNAIRE

SA- Strongly Agreed, A- Agreed, SD- Strongly Disagreed, D- Disagreed, UN- Undecided.

ITEMS	SA	A	D	SD	UN
IPSAS 3 AND FAITHFUL REPRESENTAION OF FINANCIAL REPORTS					
With IPSAS 3, changes in accounting policies are disclosed					
IPSAS 3 ensure that changes in accounting estimates are disclosed					
IPSAS 3 enhances financial statements transparency and reliability					
With IPSAS 3, financial reports are easily understandable, lacks technical jargons and complexity					
Financial reports that adhere to the provisions of IPSAS 3 are objective and free from bias.					
IPSAS 17 AND FAITHFUL REPRESENTAION OF FINANCIAL REPORTS					
IPSAS 17 enhances financial stewardship and accountability					
Adherence to the provisions of IPSAS 17 ensures that government's financial transactions are reported holistically.					

IPSAS 17 assists the stakeholders in evaluating that their resources have been optimally employed.					
IPSAS 17 makes financial reports to be more comprehensive and integrated					
IPSAS 17 is essential in building detailed, relevant and quantitative financial reports.					
IPSAS 24 AND FAITHFUL REPRESENTAION OF FINANCIAL REPORTS					
IPSAS 24 ensures increased comparability, strong internal controls and better financial management.					
compliance with the provisions of IPSAS 24 ensures comparability of financial information among public entities in Nigerian Public Sector					
IPSAS 24 ensures that financial reports are comparable globally.					
IPSAS 24 makes financial reports to be more comprehensive and integrated					
IPSAS 24 enhances financial stewardship and accountability					
FAITHFUL REPRESENATION OF FINANCIAL REPORTS					
Faithfully represented financial reports provide reliable information for decision-making purposes					
Financial reports are free from material errors or misstatements when they are faithfully represented.					
The financial reports can be relied upon to assess the financial health and stability of the organization					
Information given cover both current and previous reporting periods					
The financial reports provide a comprehensive overview of the ministry's financial activities.					