Stakeholders' Perception of International Public Sector Accounting Standards (Ipsas) in Ondo State Ministry of Finance, Akure

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Abstract: The study examines the stakeholders' perception of International Public Sector Accounting Standards (IPSAS) in Ondo State ministry of finance, Akure. The study employed a survey research design with a population of 410 personnel. The study adopted multi-stage sampling techniques to select the sample size of 116 account personnel. The instrument used for this study was a questionnaire. The questionnaire titled Stakeholders' Perception of International Public Sector Accounting Standards Questionnaire (SPIPSASQ) designed on Likert scales. This instrument was validated with the reliability coefficient of (.825). Data collected were analysed using Pearson Correlation statistics to test the hypotheses. The study revealed that stakeholders' perception has a significant relationship with IPSAS implementation at (r .283) while accounting personnel also have a significant relationship with IPSAS implementation at (r .270) with the p-value of (.002 & .003) respectively at 5% level of significance. Based on these findings, the study reveals that the government has not been organized IPSAS training for personnel and the fear of unknown discouraged the staff to support the full implementation of the standards. The study, therefore, recommends that the state commissioner for finance should ensure regular training and compliance of IPSAS standards to enhance government accountability; improve stakeholders' performance, increase revenue generation and reduce corruption.

Keywords: Stakeholder Perception; Cash Bases; Accrual Bases; International Public Sector Accounting Standards

JEL Classification: M2; M4

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1. Introduction

Public sectors in Nigeria before the year 2014 have been presenting their financial reports through the use of national accounting standards. These standards were not effusively practicable in some countries as they were domesticated (Duenya, Upaa & Tsegba, 2017). Due to globalization, it becomes imperative to have accounting standards that would be accepted internationally for ease of comparison and reliable financial reports (Ijeoma & Oghoghomeh, 2014). The International Financial Reporting Standards (IFRS) were developed by the International Accounting Standards Board (IASB) to achieve these objectives in the private sector. The International Public Sector Accounting Standards Board (IPSASB) was also given the task of developing accounting standards practicable in the public sector since the motives of private and public sectors differ greatly. In January 2016, the federal ministry of finance and its agencies except for government business enterprises (GBE) espoused the IPSAS accrual basis. The State ministry of finance, Akure metropolis also incorporated the accrual basis of the IPSAS and started their reporting on the adopted basis of the IPSAS.

Since 2016, the Ondo State Ministry of finance has been preparing their financial reports and most importantly, their General Purpose Financial Statements (GPFS) through the IPSAS accrual (Olaoye & Talabi, 2018). IPSAS has been said to promote accountability and ensure the reliability and credibility of financial reporting in the public sector (Aribaba, Yusuff, Ahmodu & Olaleye, 2019). The state ministry of finance in Nigeria is a subset of the public sector which also faces accountability challenges. The state ministry of finance structure is perceived in some quarters to be non-functional due to the corrupt nature of officials. However, it has not been determined whether the adoption has been partially or completely implemented and how effective is the implementation of IPSAS in Ondo State Ministry of Finance is also yet to be determined. Similarly, a qualified accountant and trained personnel are expected to man the rudder of the ministry of finance treasury to enhance the accountability and guarantee the reliability of the financial reports and it is also yet determined if there is adequate human capital. Meanwhile, the weakness of the internal control system is a major challenge thwarting the achievement of the state government goals. Another area is the management of assets and liabilities which were not accentuated before the introduction of IPSAS accrual came into operation.

Adoption of a new system into an organization is not always without a challenge and one of such is workers' resistance to the change. The cooperation of government at a higher level is imperative for accountants to be able to carry out the thorough implementation of the IPSAS (Aribaba, Yusuff, Ahmodu, & Olaleye, 2019). Thus, the stakeholders' perception in this context needs to be assessed since they determine the success of the IPSAS system in Ondo state ministry of finance.

Preliminary interaction with the staff of Ondo state ministry of finance is our major strive. Therefore, the study seeks to examine the stakeholders' perception of IPSAS implementation in Ondo State ministry of finance.

Research Hypotheses/Questions

H0$_1$: Stakeholders' perception does not have a significant influence on IPSAS implementation

H0$_2$: Accounting personnel does not have the technical know-how of IPSAS implementation

2. Theoretical Review

The study is embedded with institutional theory to justify the research position which was found useful to situate the study.

2.1. Institutional Theory

Institutional theory is a resilient aspect of the social structure according to Nagalinagm, Margala and Kumudine (2015). This theory focuses on the organizational structures such as cognitive, normative, and regulatory as well as the norms, rules and routines processes that become an authoritative guideline for social behaviours and practice. The development of recent accounting framework in Nigeria is the new accepted behaviours, rules and norms accounting personnel ought to adhere to the new IPSAS adoption to enhance the technical efficiency in an organization. The outcome of this theory resulted in the legitimization of the standard and absence of this standard will lead the organization to be termed irrational, corrupt and negligent in the preparation and presentation of financial statement. Duenya, Upaa and Tsegba (2017) viewed an institutional theory as a change in management practices or culture of institution norms by changing from the traditional cash accounting to accrual-based IPSAS. This change does not occur primarily because of the efficiency or usefulness of the newly adopted standards.

2.2. Empirical Review

Olaoye and Talabi (2018) examine the applications of IPSAS on financial reporting in Nigeria public sector and its economic benefits. The study reveals that there is no relationship between the application of IPSAS, financial reporting and economic benefits to Nigeria. This is because IPSAS will neither improved management performance, revenue generation and increases foreign direct

investment. The study also shows that there was no significant relationship with financial reporting in reducing corruption in the public sector, though the findings show a positive relationship between IPSAS and credibility of financial reporting with the use of accrual basis of accounting. Dabor and Aggreh (2017) researched with a population comprising the members of staff in the accounting department in all state and federal ministries and government agencies in Abuja. They found that switching to a new standard (IPSAS) will increase the reliability of financial management in the Nigerian public sector, it will enhance better comparability of local and international reports of governments and there was internal resistance from civil servants against the adoption of IPSAS in the Nigerian public sector.

Federal Government financial reforms were examined in Nigeria by Enofe, Afiangbe and Agha (2017). They examine the relationship between the Treasury Single Account (TSA), IPSAS, Government Integrated Financial and Management Information System (GIFMIS) and Integrated Payroll and Personnel Information System (IPPIS); with corruption. They found that TSA, IPSAS and GIFMIS will curtail corruption in the country while the sustainability of IPPIS will course a kiosk as it has a negative relationship among the variables examined. Duenya, Upaa and Tsegba (2017) found that the adoption of IPSAS would improve accountabilities and decision making in the public sector. They, however, found that there was a significant difference in the response of accounting personnel, academics and auditors. Therefore, IPSAS based financial statements will enhance decision making and meet the needs of different groups and serve as it was part of evaluating criteria for government performance (Aribaba, Yusuff, Ahmodu, & Olaleye, 2019).

Erin, Okoye, Modebe and Ogundele (2016) exert that IPSAS adoption will enhance the quality of financial reporting in the Nigerian public sector. This was corroborated with the view of Ijeoma and Oghoghomeh (2014) that the adoption of IPSAS will increase the level of accountability and transparency in the Nigeria public sector. It also found that IPSAS will enhance comparability thereby strengthening good governance between the government and the governed. Opaniyi (2016) also conducts research using descriptive survey design in the 19 ministries in Kenya. The study compared the mean relationship between the old standards-based reports and IPSAS based reports, paired sample t-test was employed and the study reveals that Kenyan cannot fully assure transparency and accountability between the old based and IPSAS based standard. Alshujairi (2014) conducts a study in Iraq on the adoption of IPSAS to improve government accounting system. The study indicates that IPSAS accrual improved the transparency quality of accounting system and accountability of government to citizens in Iraq.

Adamu and Ahmed (2014) assert that for a smooth running of IPSAS all hands must be on the desk in conducting public enlightenment and educate the

accountants and financial managers on how to operate the new system. They advocated for regular progress reports on the implementation status of IPSAS and budgeting for additional human resources required to ensure adequate capacity for maintaining future IPSAS compliance. Olomiyete (2014) found that cash basis of accounting has been proven to be inadequate for providing important information to citizens for planning decision-making and analysis and the accrual-based accounting will help to further strengthen the quality of government accounting and reporting. Ijeoma (2014) avers that the implementation of IPSAS will impact positively on the reliability of financial reporting and also pave way for a uniform chart of financial reporting by the three tiers of government in Nigeria, Okaro and Okoye (2012) reveal that the introduction of IPSAS in the public sector usher in an era of improved accountability and decision making in the Nigeria public sector.

3. Research Methods

3.1. Research Design

The study adopted a survey research design. Survey research design is the study of both small and large populations by selecting samples from the population to discover the relative incidence (Osuala, 2007). This is a technique in which information is congregated from a sample through a questionnaire. A list of questions was designed to elicit an adequate response from the sample to address the questions raised in this study.

3.2. Population of Study

The population of this study was identified from the study area which was a total number of 410 (Four hundred and ten) personnel which comprises the senior and junior staff of Ondo State Ministry of Finance, Akure. The study targets the personnel that have the technical know-how of accounting on IPSAS implementation; either directly or indirectly involved in the recording of financial transactions and preparation of financial statements. Below is the population distribution table of personnel by the department in Ondo State Ministry of Finance, Akure.

Table 1. Population Distribution Table of Ondo State Ministry of Finance by Department

S/N	Departments	Population
1.	Administration and Human Resource	28
2.	Debt management Department	21
3.	*Insurance Department	9
4	*Account Department	104
5	*Taxation and Revenue Department	63
6	Research and Statistics	32
7	Estacode and Parastatals Monitoring Unit	41
8	Public Affairs Unit	23
9	*Audit Unit	31
10	Department of Budgeting and Planning	31
11	ICT Unit	27
	Total Populations	**410**

Source: Ondo State Ministry of Finance Nominal Roll, 2019.

3.3. Sample and Sampling Technique

The sample for this study was purposively drawn from the population which includes the following departments and unit; insurance department, account department, taxation and revenue department, and audit unit. We considered the stakeholders' perception and the technical know-how of accounting personnel on international public sector accounting standards (IPSAS) implementation before the selection of the departments and unit. According to Gay (1981) postulated that a study sample depends on the type of research involved. He recommended a minimum of 10% of the population for a descriptive survey research design and 20% of the population where the population is small. It was based on our population after selecting the departments and unit that operated with relevant accounting principles to randomly select 56% (116) sample from the weird departments and unit. The sample size of (116) was arrived at because of the heterogeneous nature of those involves in the recording, reconciling and preparation of financial statements that were considered and truly representing the total population. The study adopted multi-stage sampling techniques. The multi-stage sampling techniques entail the simple random and purposive sampling techniques to select the sample size of 116 respondents. These sample techniques aided the number of questionnaires that were administered. Below is the sample distribution is drawn from the population.

Table 2. Sample Distribution of Departments and Unit

S/N	Departments and Unit Sampled	Population Sample	Sample Size (56%)
1.	Insurance Department	9	5
2.	Account Department	104	58
3.	Taxation and Revenue Department	63	35
4	Audit Unit	31	17
	Total	**207**	**116**

3.4. Instrumentation

The instrument used for this study was a close-ended questionnaire. The close-ended questionnaires are specific questions prepared with a choice of possible answers or options (ICAN, 2010). The questionnaire titled Stakeholders' Perception of International Public Sector Accounting Standards Questionnaire (SPIPSASQ) was used to draw information from the respondents. The questionnaire made up of two sections, A and B. Section A of the questionnaire consists of demographical data which seeks information relating to stakeholders and accounting personnel of the respondents. Section B was designed in a four (4) point Likert scale ranging from Strongly Agree (4), Agree (3), Disagree (2), and Strongly Disagree (1) respectively

3.5. Validity and Reliability of the Instrument

The instrument was subjected to content validity. This is to ensure that the instrument purported to measure the research objective. The content validity employed for this study was based on the suggestion made by 2 other experts of accounting from different accounting firms in Akure metropolis. Some items were dropped, some modified while other things were added. The correction and comments made were put into consideration to redesign the questionnaire to avoid duplication. A specific request was made from them to critically examine the items of the questionnaire in terms of clarity of language, the relevance of each item in providing information that will help to answer the research hypotheses. The data collected was used to determine the reliability of the instrument. Cronbach Alpha procedure was considered appropriate to determine the internal consistency of the question items. The outcome reveals how homogenous the question items are. The coefficient of internal consistency reliability estimated for all items was .825. From the results presented in table 3 below, it was observed that all the research questions indicate to be reliable at a coefficient of 0.825 for which were higher than the threshold of 0.80. The instruments are thereby accepted.

Table 3. Reliability Statistics of the Instrument

Cronbach's Alpha	N of Items
.825	15

3.6. Procedure for Data Collection and Analysis

We visited the Ondo State Commissioner for Finance to secure clearance before administering the questionnaire. We were attached to the staff to take us around and sensitize their personnel to assist in filling the questionnaires. The completed questionnaires were collected to ensure a high rate of returns and equally enhance the analysis of data collected. The data collected were coded through the use of the computer program. Statistical Package for Social Sciences (SPSS) was used to analyze the data. The descriptive statistics and Pearson Correlation was used to test the research hypotheses at 5% level significant.

4. Presentation of Results

H0$_1$: Stakeholders' perception does not have a significant influence on IPSAS implementation in Ondo State Ministry of Finance.

Table 4. Descriptive Statistics

	Mean	Std. Deviation	N
Stakeholders Perception	2.95	1.156	116
IPSAS Implementation	2.73	1.260	116

Source: SPSS Computation version 20.

Table 4 above describes the mean statistics of the variable. Since the table shows the mean value of (2.95 and 2.73) and standard deviation of (1.156 and 1.260) with 116 respondents respectively. This discloses the mean influence of stakeholders' on IPSAS implementation in Ondo State Ministry of Finance, Akure.

Table 5. Pearson Correlation Analysis of Stakeholders' Perception of IPSAS Implementation

Correlations[b]		Stakeholders	IPSAS Implementation
Stakeholders	Pearson Correlation	1	.283**
	Sig. (2-tailed)		.002
	Sum of Squares and Cross-products	153.690	47.397
	Covariance	1.336	.412
IPSAS Implementation	Pearson Correlation	.283**	1
	Sig. (2-tailed)	.002	
	Sum of Squares and Cross-products	47.397	182.716
	Covariance	.412	1.589

**. Correlation is significant at the 0.05 level (2-tailed).

b. Listwise N=116

Table 5 above depicts the Pearson Product Movement Correlation Statistics. The Pearson's r-value of (.283) and a p-value of (.002) testing at an alpha level of (.05), the p-value is less than the alpha level. Thereby, the null hypothesis which states that Stakeholders' perception does not have a significant influence on IPSAS implementation in Ondo State Ministry of Finance is hereby rejected.

H0₂: Accounting personnel does not have the technical know-how of IPSAS implementation in Ondo State Ministry of Finance.

Table 6. Descriptive Statistics

	Mean	Std. Deviation	N
Accounting Personnel	2.81	1.118	116
IPSAS Implementation	3.07	.967	116

Source: SPSS Computation version 20.

Table 6 above designates the mean statistics of the variable. Since the table displays the mean value of (2.81 and 3.07) and standard deviation of (1.118 and .967) with 116 respondents respectively. This reveals the mean relationship between the accounting personnel and IPSAS implementation in Ondo State Ministry of Finance, Akure.

Table 7. Pearson Correlation Analysis of Accounting Personnel and IPSAS Implementation

Correlations[b]		Accounting Personnel	IPSAS Implementation
Accounting Personnel	Pearson Correlation	1	.270**
	Sig. (2-tailed)		.003
	Sum of Squares and Cross-products	143.828	33.517
	Covariance	1.251	.291
IPSAS Implementation	Pearson Correlation	.270**	1
	Sig. (2-tailed)	.003	
	Sum of Squares and Cross-products	33.517	107.448
	Covariance	.291	.934

**. Correlation is significant at the 0.05 level (2-tailed).
b. Listwise N=116

Table 7 above portrays the Pearson's r-value of (.270) and a p-value of (.003) testing at an alpha level of (.05), the p-value is less than the alpha level. Thereby, the null hypothesis which states that accounting personnel does not have the technical know-how of IPSAS implementation in Ondo State Ministry of Finance is hereby rejected.

5. Discussion of Findings

The Pearson correlation coefficient of hypothesis one **H₁** indicates the coherent variation between the stakeholders' perception and IPSAS implementation in Ondo State Ministry of Finance, Akure with the positive significance. The outcome of this hypothesis shows that the variables are significant at 5% level of significance. Meanwhile, the finding reveals that stakeholders' perception has a significant influence on IPSAS implementation. They also ready to comply with the implementation of the standards but the majority of them lack the knowledge and claim that government have not been organizing training for them on IPSAS implementation and the fear of the unknown makes those that have not chartered not to support the implementation of the IPSAS. These become accustomed to the position of Ijeoma and Oghoghomeh (2014); Opaniyi (2016); Dabor and Aggreh (2017) which enumerated international best practices for a successful transition to IPSAS and also a report of the Price water Cooper (2012) emphasize the challenges of the transition to IPSAS. Aribaba, Yusuff, Ahmodu, and Olaleye, (2019) also embraced the implementation of IPSAS guideline and other international standards best practices that will applaud the reliability of the financial statement of the state.

The Pearson's coefficient of hypothesis two **H₂** reveals the gleaming of compatibility between accounting personnel and IPSAS implementation in Ondo State Ministry of Finance, Akure with the optimistic significance. This explains that there was no enough chartered accountant and the few once among them only understood the accrual-based standard type of IPSAS although Ondo State has not commenced the full implementation of the IPSAS. The finding is numerically sustained with the data collected from the staff of Ondo State Ministry of Finance. These corroborated with the view of Alshujairi (2014); Adamu and Ahmed (2014) and Duenya, Upaa and Tsegba (2017) found that the adoption of IPSAS will improve the quality of government accounting system and the accountability of government to the citizen but before this could be achieved, accounting personnel must put all hands on deck to conduct public enlightenment and educate others on how to operate the new accounting system. The finding against the decision of Olaoye and Talabi (2018) aver that there is no relationship between the application of IPSAS, financial reporting and economic benefit to Nigeria. Therefore, it neither improves the performance of accounting personnel, increases revenue generation and foreign direct investment.

6. Conclusion

The findings of the study hereby conclude that stakeholders and accounting personnel lack the knowledge of IPSAS and claim that the government have not been organizing training for them on the full compliance of IPSAS implementation. The fear of the unknown also discouraged those that were not chartered accountant among the personnel not to support the complete passivity of the IPSAS implementation. The study similarly concludes that the ministry has a limited number of qualified accountants to strive for the complete implementation of the standards and the few once among them only understood the accrual-based type of the standards. However, the state ministry of finance is not ready for total compliance of the standards due to the circumstances beyond their capacity. Despite the internationally acclaimed benefits of International Public Sector Accounting Standards, its usefulness has not been adequately effective in Ondo State Ministry of Finance because only a few personnel among them have been executing the accrual-based provisions. This has yielded diminutive benefits, although, the use of accounting personnel who do not have adequate knowledge of accounting could not in tune with the accrual basis of IPSAS.

7. Recommendations

Based on the findings of this study, it is therefore recommended that the State Executive Council (SEC) should go beyond adopting the provisions of IPSAS in the public sectors and also ensure full compliance of the standards. Ondo State Government and the office of the Accountant General should make sure that full amenability of all the government accounts aligns with the provisions of IPSAS. Also, the state government should ensure proper education and training of all accounting personnel to make them more productive and effective in discharging their duty. Members of staff should develop an attitude of self-reliance to achieve the individual and corporate goals.

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