IPSASs Awareness Level in Nigerian Tertiary Institutions: A Panoramic Investigation.

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Abstract

The study examined the level of IPSASs awareness in Nigerian tertiary institutions with particular references to University of Calabar, Cross River University of Technology, Calabar and College of Education Akamkpa. The major objective of the study was to investigate the knowledge level of accounting lecturers and students in the procedures and application of IPSASs. Data was sourced using a well-designed questionnaire. 150 questionnaires were issued out and 139 returned which forms 93% of the sample size. SPSS Linear regression was used to test the formulated hypothesis. The findings revealed that the level of IPSASs awareness among accounting lecturers and students is significantly low, this implies that the academia needs to intensify its effort to sensitize and encourage research on IPSASs adoption in Nigerian.

Keywords: IPSASs, Awareness. Tertiary, Financial Reporting

1.0 Introduction

IPSASs are standards and pronouncements issued by the International Public Sector Accounting Standard Board (IPSASB) to be used in the preparation and control of public sector financial reporting. From the inception of IPSASB, they have been able to issue out 32 standards and pronouncement. IPSAS introduces accrual basis of reporting which are based IASs/IFRSs in the government sector as against the former practice of cash basis reporting.

The IPSASs set out guidance for the structure, minimum requirements, recognition, measurement and disclosure

requirements in the general purpose financial reporting intended to meet the needs of users who are unable to require the preparation of financial reports tailored for their specific needs. IPSASs are set through a due process commencing with research and deliberations held before tentative positions are adopted. Exposure drafts of proposed standards are disseminated to solicit the views of interested parties which are considered in revising and finalizing a standard (5).

IPSASs are to be followed in the preparation of financial statement/report in the public sector, and this reports are prepared by accountants, auditors and other financial practitioners. This study sets out to investigate the level of IPSASs procedures and application awareness among lecturers and students in the accounting profession and other related discipline in public institutions and to intensify the need for proper tutoring in research and the preparation of a good background for students, lecturers and practitioners on the procedures and application of IPSASs in financial reporting.

1.1 Objectives of the study

i. To investigate the level of IPSAS awareness in Nigerian Tertiary institutions.

2.0 Adoption of IPSAS in Nigeria.

With the return of Nigeria to democratic government in 1999, the country had initiated various reforms aimed at strengthening transparency and accountability. This led to various public financial management initiatives being implemented by Government since then. In the year 2010, the Federal Republic of Nigeria took another bold decision in respect of public sector entities accounting and reporting to migrate to the International Public Sector Accounting Standard (IPSAS). This decision was made by the Federal executive council at its meeting held on the 28 July, 2010. In order to implement this decision, the Federation Allocation Committee (FAAC) set up a technical sub-Committee to draw up the road map for IPSAS implementation.

In line with the recommendation of the Technical Sub-Committee, FAAC has set 1st January, 2016 as the date for the commencement of IPSAS Accrual Accounting for all Public Sector entities

(PSE) in Nigeria. The implementation of Accrual Accounting by Government will help in the assessment of financial performance as the financial statements will reflect all expenses whether paid or not and all income whether received or not. Furthermore, it gives information on whether income streams are adequate to meet short and long term liabilities. It provides comprehensive information on expenses which helps in knowing the cost consequences of policies and enable comparison with alternative policies.

2.1 Benefits of IPSASs Adoption

IPSAS adoption poses many potential benefits as evidenced by previous studies carried out by several scholars (5, 1, and 6).

- Strengthen accountability and transparency: Government is accountable to citizens and other stakeholders like the economy, thus IPSAS are global standards they ensure that government is accountable in terms of public fund utilization shown in the preparation

of its financial statements. IFAC consistently prompted the need for enhance transparency and accountability in the public sector, noting in particular the risk that lack of transparency and accountability presents to the efficiency of capital markets, global financial stability, and long term sustainability[5].

- Strengthen financial management: Identifying and reducing debt is enhanced in IPSAS thus preventing debt shifting. Assets are also more actively managed leading to dis-investment as contain in IPSAS 5, 16, 17, 26, 28, 29, 30, 31.

- Improved decision making: decision making is improved via IPSAS adoption especially in areas with capital expenditure such as government interventions [loads, Assets, purchase, nationalization] and non-exchange transaction, taxes

and transfer as contained in IPSAS 15, 11, 12, and IPSAS 23.

☐ Improved credibility/integrity: Government accounting reporting cannot be credible if government itself decides the rules. Hence, the need for a body like IPSAS is necessary.

☐ Enhanced public-private partnership arrangement: A collaborative effort between the public sector and the private sector is enhanced with both running on similar set of accounting standards (IPSAS and IFRS).

☐ Aggregate Reporting: Adoption of IPSAS will ensure a holistic reporting of government financial transactions and positions.

☐ Improved service delivery: As a result of greater accountability and transparency, adoption of IPSAS will improve value for money (VFM) expenditure.

☐ Greater disclosures: IPSAS encourage full disclosure, which hinges on transparency, integrity and accountability.

☐ Improve capacity to major costs and liabilities management: Adoption of accrual accounting result in improved capacity to measure costs, leading to better resource allocation decisions and overall performance.

☐ Consistency and comparability of financial information: one of the benefits of IPSASs is the application of the consistence and coherent financial systems, both within a country and between countries, and the potential harmonization of financial reporting across jurisdiction (1).

☐ Improve harmonization through alignment of local accounting with best accounting practices as accrual basis.

- An improvement to the delays and set backs of the outmoded public sector practices in Nigeria.

2.2 Associated challenges in the adoption of IPSASs

Though IPSAS has numerous benefits, it is not free form several challenges which may hamper the anticipated benefits. They include:

- Moving from cash or modified cash accounting to full accrual based accounting under International Public Sector Accounting Standards can be a challenging endeavour as it entails not only vast amount of work but also major changes in business processes (2).

- Training of human capital is important in the implementation process, thus serious deficiencies in the accounting skills available contribute to rushed and confusing implementation process as it was established in the UK (3). They argued that the adoption process is also expensive as many of the costs of implementation are ongoing rather than "one off" for instance the increased costs of employing professionally qualified accountants, setting up asset management system and other information technology financial management systems.

- Hepworth (4) in the study based on the introduction of accrual accounting in Eastern Europe, concluded that the adoption of accrual accounting is costly and time consuming and requires diversion of resources from other activities. The process also needs significant changes of substance to organization, procedures and responsibilities of managers hence requires wide consultation with all stakeholders before implementation. Accrual accounting is also considered to be carrying

considerable risk as it provides wide scope for exercise of judgment which relies on technical knowledge and disciplined approach, hence the need for an elaborate audit system to monitor use of judgement.

☐ Other challenges highlighted by the respondents include inadequacy of IPSASs in addressing accounting on deferral of funds to the next financial year, training of human resource which is inadequate on practical skills, valuation of assets especially road assets previously not capitalized and determination of depreciation rates for the road assets bearing in mind that each road is unique from previous systems is big challenge. Resistance to change and complexity of accrual accounting system were among identified challenges experienced

3.0   Methodology

The study is a case study research that tries to investigate the level of IPSAS awareness in tertiary institutions. Data used were sourced from lecturers and students in accounting department and other related disciplines in the selected tertiary institutions in Cross River State. A well designed questionnaire capturing questions that will assist the researcher in drawing conclusion on the level of IPSAS awareness among accounting lecturers and students. 80 respondents were picked from the three institutions totalling 240 which stand as the population of the study, using the Yaro Yamane formula the sample size was set at 150. SPSS regression was used in testing the hypothesis.

$$n= \frac{N}{1+N(e)^2}$$

$$\frac{240}{1+240(0.05)^2}$$

n= 150

139 questionnaires out of the 150 issued out were successfully returned. Linear regression was used to determine the sensitization level of IPSAS in the institutions.

Model:

$IPSASsAL= b_0+ b_1 KL+b_2LT+ E_t$

Where:

IPSASsAL= International public sector accounting standards awareness level

LR= Level of research

CL= Class lectures

E_t = Stochastic error term

The model tries to explain the level of IPSASs awareness in tertiary institutions using the level of research carried on by lecturers and students and whether the respondents are been taught IPSASs in classrooms or seminars.

4.0   Analyses and Interpretation

   Level of awareness on the concept of IPSASs
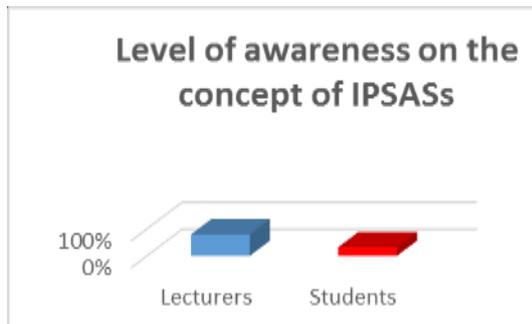
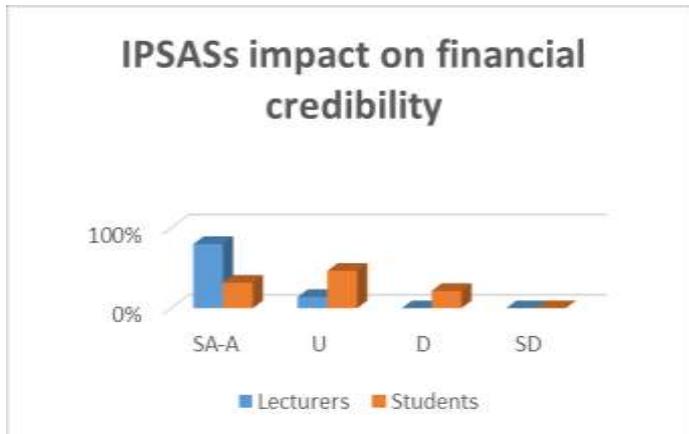The chart above shows that 64.7% of lecturers and 34% of students in the institutions know the concept of IPSASs. This revealed that students have little or no knowledge about the adoption of IPSAS in Nigeria and a good number of the Lecturers have little knowledge about IPSASs adoption.

   Research and Class knowledge acquisition
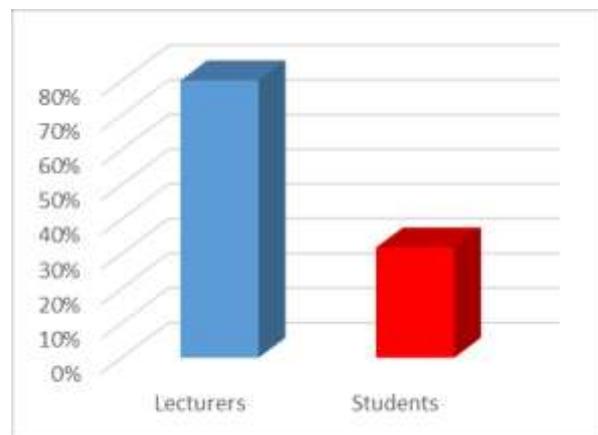
The chart above shows that 92% of the lecturers have read about IPSASs while 29.5 of the students tend to have knowledge about IPSASs. This shows a low level of IPSASs sensitizations and application among students in accounting departments.

   IPSASs impact on financial credibility

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.225ᵃ	.051	.037	1.338	1.836

a. Predictors: (Constant), Class and seminar lectures, Research level

b. Dependent Variable: IPSAS awareness level

The chart above shows that 80% of the lecturers agreed that IPSASs adoption will increase financial credibility in the public sector, 14% were undecided while 31.8% of the students agreed with the opinion, 46.6% were undecided and 21.6 disagreed that IPSAS will increase financial credibility.

H_o: there is a high level of IPSASs awareness in tertiary institutions
H_i: the level of IPSASs awareness in tertiary institutions is significantly low

Regression analyses

Model Summary[b]

The model Summary of the data shows R square of .037 and an adjusted R square of .051. These are essential for interpreting the model summary as the coefficient variation of the dependent variable. This explains that 3.7% of the predictors influence on the dependent variable has been utilized and leaving 96.7% unutilized. This is statistically unsatisfactory. Durbin Watson shows a positive autocorrelation

International Journal of Research

Available at
https://edupediapublications.org/journals

p-ISSN: 2348-6848
e-ISSN: 2348-795X
Volume 04 Issue 05
April 2017

between research and class lectures on IPSASs awareness.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.044	2	6.522	3.642	.029 ^b
	Residual	243.546	136	1.791		
	Total	256.590	138			

a. Dependent Variable: IPSAS awareness level
b. Predictors: (Constant), Class and seminar lectures, Research level

The ANOVA table shows the analysis of Variance. It reveals the explanatory power of "Class and seminars lectures, "Research" on IPSASs awareness level. The F- ratio statistics has a p-value that is below 0.05 for the 95% level of confidence respectively. This shows that the model is significantly statistic.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.314	.421		5.492	.000
	Research level	.218	.081	.231	2.698	.008
	Class and seminar lectures	.045	.086	.046	.531	.596

a. Dependent Variable: IPSAS awareness level

The Coefficients table reveals the actual result of the regression analysis. It goes further to highlight significantly, the specific relationship between the independent variable and the dependent variable.

The regression un-standardized coefficients of Research level variable result show that the level of research on IPSASs among lecturers and students is .218 which is 21.8% leaving out 78.2% ignorant of the adoption and application of the standards. The t-test shows a value of 2.698> 2, this reveals that the model is statistically significant in explaining the influence of the predictors on the dependent variable. Since the p-value is below 0.05 percent

alpha level, the null hypothesis has been rejected. This reveals that the level of IPSASs awareness among lecturers and students in the accounting or other related discipline is low. The un-standardized coefficient of Class and seminar lectures predictive variable show that .045 which is 4.5% have been engaged in IPSASs lectures either in class or seminar. This reveals that 95.5% have not benefited. The t-test shows .531<2, this makes the model insignificant. Since the p-value is above 0.05 percent alpha level, the model disagrees with the assertion that the level of IPSASs being taught in class or seminar is low.

Predicted Value	2.67	3.63	3.10	.307	139
Residual	-2.497	2.067	.000	1.328	139
Std. Predicted Value	-1.405	1.732	.000	1.000	139
Std. Residual	-1.866	1.545	.000	.993	139

a. Dependent Variable: IPSAS awareness level

4.1   Findings

The responses from the respondents reveals that the level of IPSASs awareness among lecturers and students in the accounting profession is significantly low. This is evidenced in the responses of the respondents from the three institutions. The responses from the students show that they have little knowledge about IPSASs (IAS/IFRS), this implies that much work is needed to be done by the lecturers to acquire knowledge about IPSASs procedures and application and further sensitize the students thereabout.

5.0   Conclusion and Recommendation

The study investigated the level of IPSASs awareness in tertiary institutions. The study made conclusions based on the study findings that the level of IPSASs awareness is not as expected among accounting lecturers and students. This calls for intensification of efforts by lecturers to teach students and encourage further research on IPSASs and other accounting standards like IFRS/IAS.

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Residuals Statistics a

	Min imu m	Max imu m	Mea n	Std. Deviati on	N

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