EFFECT OF INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS) IMPLEMENTATION ON FINANCIAL REPORTING QUALITY OF MINISTRIES DEPARTMENTS AND AGENCIES (MDAS) IN BENUE STATE

BY

SOMBO, Emmanuel Vangeryina

Department of Accounting, University of Mkar, Mkar-Nigeria.

08035587698, emmysombo@gmail.com

_____

Abstract

The study examines effect of IPSAS implementation on financial reporting quality of MDAs in Benue State, Nigeria for the period 2018 - 2020. The research adopted the descriptive survey research design, using structured questionnaires to elicit data from a sample of 170 respondents, drawn from the office of the accountant-general for Benue state, office of the auditor-general for Benue state, practicing professional accountants and accounting lecturers from tertiary institutions in Benue state. The study employed simple linear regression analysis as a method of data analysis. The findings showed that there exists a significant effect of IPSAS implementation on faithful representation of the state of affairs of MDAs in Benue state. Also; IPSAS has a significant effect on understandability of financial reports of MDAs in Benue state. The study therefore concludes that IPSAS implementation has positively impacted on financial reporting quality of MDAs in Benue state. Based on these findings it was recommended that more valid explanations be provided by producers of financial reports to support their decisions for certain assumptions and estimates in the annual reports, and in their discussions of the actual results, and should as a matter of faithful presentation highlight both positive and negative events.

KEYWORDS: IPSAS; implementation; quality; financial reporting; Benue state

Introduction

The basic reason that government at all levels concern themselves primarily with the preparation and presentation of financial statements is to give account of stewardship. This is premised on the fact that the main goal of government is to provide essential services. Government exists to serve the interest of citizens and ensure that their needs are met efficiently and effectively (Ephraim & Ojile, 2019). Government can only achieve these goals through a well defined standard against which actual performance would be measured. Alyan (2018) posits that problems facing the public sector include lack of financial accountability and poor reporting of government performance. Citizens' expectations from government have drifted from mere provision of public services to efficiency and accountability. However, one

of the major challenges to achieving accountability is the capacity of the cash basis of accounting to meet the reporting requirements of policies of government.

The principles of the commander theory therefore hold here as the agent is obliged to give proper account of his stewardship to his principal. The same relationship subsists between citizens and public office holders. Citizens and regulators are calling for higher levels of transparency and accountability in all areas of business especially in public services. They also want to know how effective and efficient the resources have been utilized, and today governments have adopted IPSAS to improve governance and control.

The quality of financial reports is of key concern not only for the final users of these reports but for the whole society as it affects economic decisions which have a significant effect on financial reporting quality. This was most evidenced by the series of corporate failures and financial scandals like the AIG, Fortes and overall by the economic conditions created by the economic recessions experienced by many governments and economies world-wide. The severe fiscal constraints being experienced by governments worldwide has underscored the need for government to transparently report all their assets and liabilities (Izedomni & Ibadin, 2013). Over the years, various types of measurement methods have been developed to assess the quality of financial reporting (Ademola et al., 2017). Quality proxies can be assessed and replicated by using available financial information. Another group of quality measurement methods aims at giving a comprehensive measurement of decision usefulness by assessing the quality of reporting information simultaneously, by developing questions on distinct qualitative characteristics in order to assess information quality and demonstrating that such qualitative characteristics can be operationalize (Okoye et al., 2016).

Therefore, the various qualitative characteristics which constitute the main theme of this study are faithful representation and understandability of financial reports. Each of these qualitative measures significantly affects the financial reports of MDAs. For instance, with regards to faithful representation; financial reports are expected to be faithfully represented in order to make them qualitative and decision useful. With respect to understandability, it is discernible that the relevance of financial reports is significantly affected by its nature and materiality as financial reports are useless to various stakeholders if they contain significant material misstatements that cannot be clearly understood by the users (Hassan, 2019).

Nigeria has had her share of failed MDAs and governance failure to meet its financial management responsibilities in the past which has had disastrous consequences on the

country. Studies such as Erin et al. (2016), Alyan (2018), Muraina and Dandago (2020) posit that the implementation of IPSAS by MDAs would improve both accountability and comparability of financial information reported by public sector entities. They reported that IPSAS provides high quality reports for enhanced comparability and analysis. However, Adekunle and Mallam (2018) posit that there are serious doubts as to the efficacy of IPSAS yielding the benefits of accountability and improvements in financial reporting quality.

These studies lend credence to the increasing importance of IPSAS particularly to developing countries once they borrow or rely on foreign aid, as it is a useful tool not only to account for these resources but also to compare the use of the resources between reporting periods. Nzewi and Enuenwemba (2020) are of the view that IPSAS adoption and implementation has a significant effect on reliability, credibility and integrity of financial reports thus paving the way for uniformity in reporting, which elements were visibly lacking with the cash based accounting system that was in existence before the implementation of IPSAS. Strong and transparent financial reporting has the potential to improve public sector decision making and make government more accountable to their constituents.

Several researchers have posited that the problem then can be attributed to the seemingly inherent defects of the cash based accounting system that was in use before IPSAS as it failed to address the problems of their faithful representation for informed decision making (Akinleye & Alaran-Ajewole, 2018; Al- Kharabsheh, 2021; Fahmid et al., 2019). The Nigerian government having realized this had implemented IPSAS. Since then so many questions have been raised by various stakeholders including the academia on the effect of the implementation of the standards on the quality of government reporting. It is against this backdrop that this study examines effect of IPSAS implementation on financial reporting quality of MDAs in Benue state regarding their faithful representation and understandability.

Literature Review

Concept of International Public Sector Accounting Standards (IPSAS)

According to Alyan (2018), IPSAS are high quality global financial reporting standards for application by public sector entities which are being issued by the International Public Sector Accounting Standards Board (IPSASB). IPSAS is at present the focal point of global revolution in government accounting in response to calls for greater government financial accountability and transparency. Like in many developing nations, the Federal government of

Nigeria approved that the country should implement the provisions of IPSAS for MDAs. According to Olola (2019), the roadmap for the implementation of IPSAS for the public sector in Nigeria was approved by Federal Executive Council (FEC) meeting on 28th July, 2010. In order to implement IPSAS, the Federal Account Allocation Committee (FAAC) held a meeting on 13th June 2011 and setup a Technical Sub-Committee to provide a Roadmap for the effective implementation of IPSAS in the three tiers of government in Nigeria. Based on the recommendations of the Sub-Committee, FAAC had approved the adoption of IPSAS migration period from cash basis in 2014 to accrual basis in 2016.

The implementation is aimed at improving the country's accounting and financial reporting mechanism in tandem with global standards and best practice. However, some stakeholders still believe that the tools and strategies needed to fully implement IPSAS in the MDAs in developing nations including Nigeria for instance are still problematic. The fundamental economic function of accounting standards is, to provide agreement about how important commercial transactions are to be reported. According to Adekunle and Mallam (2018), if accounting reports are not prepared following the standards, then the meaning of comparisms between performance in different time periods and the performance between entities will be virtually impossible. Ephraim and Ojile (2019) suggest that accounting quality could be improved with the elimination of alternative accounting methods that are less reflective of an entities performance and are used by managers to manage earnings.

Financial Reporting Quality

Financial reporting is the communication of financial statements and related information from an entity to third parties. The main objective of financial reporting is to provide high quality information on reporting entities, which can be used for sound economic decision making (Williams & Hussein, 2019). This can positively influence present and potential capital providers and other stakeholders when making economic decisions such as investment decisions. It also provides information on management effectiveness in utilizing the resources and running the enterprise (Ephraim & Ojile, 2019).

Financial reporting quality is the precision with which financial reports convey information about the entity's operations. Indeed so many definitions of financial reporting quality are encountered based on the objectives of each research. For instance, Adekunle and Mallam (2018) define financial reporting quality as the extent to which financial statements provide true and fair information about the underlying performance and financial position. IASB

(2008), states that the objective of financial reporting is to provide financial information about the reporting entity that is useful to present and potential equity investors, lenders and creditors in making decisions in their capacity as capital providers. FASB (2008) in their conceptual framework concluded that high quality is achieved by adhering to objective and qualitative characteristics of financial reporting information. Qualitative characteristics are the attributes that make the financial information useful. The various characteristics which make financial information to be of quality include faithful representation and Understandability. To give faithful representation of economic phenomena, annual reports must be free from material errors (Al-Saadi, 2017).

Implementation of IPSAS in Benue state

The contemporary Benue State public service comprises of MDAs that enhance operational efficiency and effectiveness. Benue State Office of the Accountant - General is saddled with the responsibility for carrying out public sector accounting composite activities of analyzing, summarizing, recording and interpreting the financial transactions of government in the State. Also, Benue State being a member of the FAAC Committee, its activities are thus anchored in line with the timetable set by the federal government in the implementation of IPSAS in Nigeria. In view of the foregoing, Benue State partially implemented IPSAS accrual basis by January, 2016 (Angahar & Gwar, 2019). The implementation process commenced with trainings, workshops, seminars and so on which were conducted for the various stakeholders; this was done with a view towards ensuring full implementation by December, 2016. It is germane to hold that full implementation of IPSAS by the Benue state government commenced by December, 2017.

Theoretical Framework

The study is anchored on the Commander theory propounded by Goldberg (1965). The commander theory constitutes a theoretical foundation upon which the analysis of the impact of a cross sector transfer of accounting principles and rules to the public sector is based. Commander theory assumes that owners of resources may also be controllers or directors of these resources, but in some cases, separation between ownership and control prevails. Where separation exists between ownership and control of resources, command is bestowed on the controller who has authority to direct the affairs of the institution while the owners in turn, demand reports and accountability from the controller.

The thrust of the commander theory is that, there are certain economic truths and statistical truthfulness which goes together to the extent that one who relies on it would make informed judgments (Patrick et al., 2017). The theory assumes that statements of financial position are statements of accountability by the relevant authorities while statements of comprehensive income or profit and loss accounts expresses from the commander point of view the types of expenditure that he or she as custodian of public resources has incurred and with what result. The theory becomes even more relevant considering the fact that IPSAS advocate for full disclosure of financial information to enable interested financial information users take or make informed decisions and make informed judgments (Saadani & Kerr, 2019).

Empirical Studies

Empirical studies that are in support of the mandatory implementation of IPSAS argue that there are a number of benefits which can be gained from the IPSAS as it will impact on financial reporting quality. Olayinka et al. (2019) investigated impact of IPSAS adoption on financial reporting quality of local governments that has transited to IPSAS based financial accounting in Nigeria. The study reportedly used multiple regression analysis. Data for the study was obtained through the survey method using questionnaires with a sample of seventy-five staff. The study found out that local government councils that have adopted IPSAS exhibited significant improvements in financial reporting quality in comparism with US-GAAP financial reports.

Olaoye and Olaniyan (2018) examined effect of IPSAS implementation on public sector financial management in Ekiti state. The study adopted the descriptive survey design with a population covering all the staff of Ekiti state Accountant Generals office, out of which 50 staff were randomly selected using random sampling technique. The study utilized closed ended questionnaire to elicit information from the respondents and employed simple regression method of data analysis. The findings from the study revealed that there is a significant effect of IPSAS on public sector financial reporting quality.

Oko (2018) examined effect of IPSAS adoption on public sector financial reporting using ministries of finance and planning in Cross-River state. The study was grounded on the shareholders theory, and employed descriptive statistics with empirical research design. Questionnaires were administered to a sample of forty randomly selected respondents from the entire staff of the ministry of finance and planning, Calabar. The researcher reportedly tested the formulated hypotheses using ANOVA estimates. The study found that as a result of

IPSAS there is an improvement in accountability and transparency of financial reporting in public institutions,

Dabor and Aggreh (2017) investigated effect of IPSAS implementation on financial reporting quality of government Ministries in Nigeria using descriptive survey research and chi-square methods of data analysis with samples drawn from staff of the office of the Accountant-General and Auditor-General of the Federation for the period 2014-2016. Their results showed that the implementation of IPSAS has increased the reliability of financial reports prepared by government Agencies and Departments.

Methodology

Descriptive survey research design was adopted for this study. The population for the study were professional accountants drawn from the office of the accountant-general for Benue state, office of the auditor-general for Benue state, practicing professional accountants and accounting lecturers drawn from tertiary institutions in Benue state numbering five-hundred and ninety-two, The sample size used for the study was one hundred and seventy (170), and was determined using the Morgan and Krejcie formula, which integrates the sample size arrived at through the Taro Yamane (1967) (n) formula as the first sample in its operations to eventually arrive at the sample size (nn). According to Kwahar and Onov (2017), the determination of the eventual sample size requires two steps: The first step is the use of the Taro Yamane formula to get n, which is given as: $n = N/1+N(e)^2$

Where:

n = the first sample size;

N = the population;

e = error term;

1 = constant.

Thus; $n = 592/1+ 592 (0.05)^2$ $= 592/1+ 1.48$ $n = 239$

The second step requires the application of formula two to arrive at the actual sample size of the study, (nn).   Therefore: $nn = n/1+ (n - 1)/ N$

Where:

nn = the desired research sample size;

n = the sample size based on Taro Yamane's formula;

N = the study population

Therefore the sample size for the study is as determined:

nn =   239/1 + (239 -1)/592

=   239/ 1.402027027031   = 170

The study utilized primary sources of data for gathering information. Questionnaires were administered on the sample size for purposes of eliciting information. The structured questionnaire was graduated on a five-point Likert scale questions ranging from 1 (not sure), to 5 (strongly agree). This is consistent with Sekaran and Bougie (2016) who posited that a grading of 1 to 5 on the Likert scale is an acceptable method of obtaining information from respondents in a survey research.   The study employed the simple linear regression analysis method for the analysis of the data and ANOVA estimates to test the hypotheses so that the sample statistics can be extended to the entire population.

Validity and Reliability of the Instrument: The study carried out a reliability test using Cronbach's Alpha which showed that the questionnaire with thirteen items (13) was reliable with 0.813 representing 81.3%, which is above the theoretical threshold of 70%. The implication is that the questionnaires were reliable in achieving the broad objective of the study.

Table 1: Cronbach's Alpha Reliability Test

Cronbach's Alpha	Number of items
0.813	13

Source: Researchers Computation 2022

Variables Identification: The dependent variable for the study is financial reporting quality (denoted as FRQ) proxied by the qualitative measures. The independent variable is IPSAS.

Model Specification: The following linear regression model was adopted by the study:

$QFR = \beta_o + \beta_1 FR + \beta_2 UND + \varepsilon$.   Where: β_o = constant; ε = error term; $\beta1 - \beta2$ = the parameters to be estimated. FR = faithful representation and UND = understandability

Results and Discussion

Table 2: IPSAS and faithful representation and understandability of financial reports:

The following table presents the respondents' responses regarding IPSAS and faithful representation and understandability of financial reports.

Faithfull Representation: Statement	NS	D	SD	A	SA	Total
	1	2	3	4	5	
	%	%	%	%	%	
1. IPSAS adoption has improved faithful representation of financial reporting in MDAs in Benue state.	0 0	2 1.18	8 4.70	84 49.41	76 44.71	170 100%
2. financial reports produced under IPSAS provide reasons to support assumptions and estimates contained in the reports	0 0	4 2.36	5 2.94	88 51.76	73 42.94	170 100%
3. financial reports contain disclosures related to both positive and negative contingencies	0 0	4 2.36	10 5.88	80 47.05	76 44.71	170 100%
4. IPSAS has overall engendered faithful representation of financial reporting by MDAs in Benue state.	0 0	2 1.18	8 4.70	84 49.41	76 44.71	170 100%
5. IPSAS adoption has brought about more faithful representation of government economic activities for effective control and prudent management of governmental activities	0 0	4 2.36	5 2.94	88 51.76	73 42.94	170 100%
6. IPSAS adoption has enhanced availability of comprehensive information relating to government's financial position at year end and improve good governance	0 0	4 2.36	10 5.88	80 47.05	76 44.71	170 100%
Understandability: Statement						
1. IPSAS adoption has increased understandability of financial reporting of MDAs in Benue state.	0 0	1 0.59	3 1.77	78 45.88	88 51.76	170 100%
2. The use of graphs and tables can significantly clarify presented financial reports of MDAs in Benue state.	0 0	2 1.18	2 1.18	88 51.76	78 45.88	170 100%
3. IPSAS adoption has facilitated presentation of annual financial reports in a well organized manner	0 0	2 1.18	2 1.18	88 51.76	78 45.88	170 100%
4. IPSAS adoption has eliminated use of unnecessary jargon being contained in the annual financial reports in the perception of the Nigeria public	0 0	1 0.59	3 1.77	78 45.88	88 51.76	170 100%
5. IPSAS adoption has enhanced presentation of financial reports that will contain government's mission and strategies	0 0	1 0.59	3 1.77	78 45.88	88 51.76	170 100%
6. IPSAS adoption has l resulted in government financial reports being prepared and presented with additional information in the supporting footnotes to aid further clarifications	0 0	2 1.18	2 1.18	88 51.76	78 45.88	170 100%
7. IPSAS has improved financial reporting quality by MDAs in Benue state	0 0	0 0	0 0	50 29.41	120 70.59	170 100%

Source: Field Survey, 2022

Table 1: depicts respondent's responses on IPSAS and financial reporting quality of MDAs in Benue state regarding faithful representation and understandability of financial reports. From the table it is discernible that IPSAS implementation has improved faithful representation of financial reporting among MDAs in Benue state as evidenced from the combined strongly and agreed values of 94.12% of the respondents, while 5.88% of the respondents did not agree. The table also shows that 97.64% of the respondents agreed that the adoption of IPSAS has increased the understandability of financial reporting by MDAs in Benue state, while 2.36% of those who responded did not agree with this view. Again from the table it is seen that all the respondents (100%) agreed that IPSAS has improved financial reporting quality of MDAs in Benue state.

Table 3: Determination of Mean scores of respondent's responses on IPSAS and financial reporting quality regarding Faithfull Representation and Understandability: The following table presents the mean scores of respondent's responses regarding IPSAS and faithful representation and understandability of financial reporting quality

Faithful Representation: Statement	NS 1	D 2	SD 3	A 4	SA 5	Total score	Resp.	Mean score
1.IPSAS adoption will improve faithful representation of financial reporting by MDAs in Benue state	0	4	24	336	380	744	170	4.38
2.Financial reports produced under IPSAS by MDAs in Benue state provide reasons to support assumptions and estimates in the reports	0	8	15	352	365	740	170	4.35
3.The financial reports contain disclosures related to both positive and negative contingencies	0	8	30	320	380	738	170	4.34
4. IPSAS has overall engendered faithful representation of financial reporting in the Nigerian public sector	0	4	24	336	380	744	170	4.38
5. IPSAS adoption will bring about more faithful representation of government economic activities prudent management of governmental activities	0	8	15	352	365	740	170	4.35
6. IPSAS adoption will enhance availability of comprehensive information relating to government's financial position at year end of each financial year and improve good governance	0	8	30	320	380	738	170	4.34
Total								26.14
Mean								4.36
Understandability: Statement								
1.IPSAS adoption will increase understandability of financial reports of MDAs in Benue state	0	2	9	312	440	763	170	4.48
2. Use of graphs and tables will clarify presented financial reports by MDAs in Benue state	0	4	6	352	390	752	170	4.42
3. IPSAS adoption will facilitate the presentation of annual reports in a well organized manner	0	4	6	352	390	752	170	4.42
4. IPSAS adoption will eliminate the use of unnecessary jargon being contained in the annual reports in the perception of the Nigeria public	0	2	9	312	440	763	170	4.48
5. IPSAS adoption will enhance the presentation of government's financial reports that will contain government's mission and strategies	0	2	9	312	440	763	170	4.48
6. IPSAS adoption will result in government financial reports being prepared and presented with additional footnotes to aid clarifications	0	4	6	312	390	712	170	4.18
Total								26.46
Mean								4.41
IPSAS has improved the quality of financial reporting generally by MDAs in Benue state?	0	0	0	200	600	800	170	4.70

Source: Field Survey, 2022

Table 3 depicts the Mean scores of respondent's responses on IPSAS and financial reporting quality of MDAs in Benue state. From the table IPSAS and improved faithful representation

of financial reports has a mean of 4.36, with Understandability of financial reports and IPSAS implementation has a mean of 4.41.

Regression Analysis:

Table 4: The regression coefficients regarding IPSAS and faithful representation of financial reports are presented in the following table.

Variable	Un-standardized Coefficients		t-test Statistic	P- Value	Remark
	B	Std. Error			
Faithfull Representation	0.404	0.296	6.840	0.000	Significant
Constant	0.991	.345	2.959	0.027	Significant
			.	0.000	Significant
F- Value = 18.323					
$R^2 = 0.865$					

Source: Summary of SPSS printout from field data, 2022   *Independent variable: IPSAS *Dependent variable: quality of financial reports proxied by faithful representation

Table 4 depicts the regression results regarding faithful representation as a proxy for financial reporting quality; the results show a significant effect of IPSAS on faithful representation of financial reports. This is premised on the fact that the P-value of 0.000 < alpha value of $\alpha = 0.05$.

Table 5: The following table depicts the regression coefficients regarding IPSAS and understandability of financial reports.

Variable	Un-standardized Coefficients		t-test Statistic	P- Value	Remark
	B	Std. Error			
Understandability	0.673	0.316	5.826	0.000	Significant
Constant	0..710	0.377	2.959	0.000	Significant
F- Value = 18.592			.	0.002	Significant
$R^2 = 0.919$					

Source:

Summary of SPSS printout from field data, 2022

*Independent variable: IPSAS   *Dependent variable: quality of financial reports proxied by understandability.   Similarly,   table   5   depicts   the   regression   results   regarding

understandability. The results also indicate a significant effect of IPSAS on understandability of financial reports. This again is premised on the fact that P-value of 0.000 < alpha value of $\alpha = 0.05$.

Presentation of Regression Results

The linear regression for the variables was earlier stated as follows: QFR = β_o + β_1FR + β_2UND +ε. From the tables the regression result is: FRQ = 0.410+0.991 FR + 0.710 UND. The implication from the regression results is that with faithful representation being zero, financial reporting quality will be 0.410, meaning that when all other variables are held constant, an increase in faithful representation of financial reports of MDAs in Benue state will result to a 0.0991 (6.840) increase in financial reporting quality. Similarly, when all other factors are held constant, an increase in the understandability of financial reports of MDAs in Benue state will result to a 0.710 increase in the financial reporting quality. The overall implication is that acting independently, faithful representation and understandability of financial reports, drives IPSAS implementation on financial reporting quality of MDAs in Benue state.

Test of Hypotheses: Table 6: ANOVA Estimates: The following table presents the ANOVA estimates for the model

Model	Sum of Squares	Df	Mean square	F-statistic	Significance
Regression	19.706	4	6.719	21.206	0.00
Residuals	13.624	40	.348		
Total	39.349	44			

Source: summary of SPSS Printout from field data, 2022

i.   Predictors: faithful representation of financial reports and understandability of MDAs financial reports preparation and presentation.
ii.   Dependent variable: financial reporting quality

Table 6: depicts that the calculated estimate value of 19.706. Since F- calculated (21.206) is greater than F- critical value of 5% level of significance we reject the null hypotheses (Ho), and accept the alternative hypotheses (Hi), meaning the variables under study have a significantly positive effect on quality of financial reporting of MDAs in Benue state

Discussion of Findings

Findings of the study indicate respondents' responses on IPSAS and financial reporting quality of MDAs in Benue state regarding faithful representation and understandability of financial reports. Findings indicate that a combined 94.12% of the respondents agreed that IPSAS implementation has improved faithful representation of financial reporting of MDAs in Benue state while, 97.64% of the respondents held that IPSAS implementation has increased understandability of financial reporting. Overall, 100% of the respondents strongly agreed that IPSAS implementation has improved financial reporting quality by MDAs in Benue state.

These findings are consistent with the findings of several researchers such as Olayinka et al. (2019), and Zhuquan and Javed (2018) who reported that the standards implementation has increased the credibility of financial reporting and enhanced better comparability and faithful representation of financial reporting among MDA's in Nigeria. These findings are also in agreement with the commander theory of Goldberg (1965) which holds that statements of financial position and comprehensive income are accountability statements by public office holders which expresses the types of expenditure incurred and with what result by public office holders.

Conclusion

The objective of this study was to examine effect of IPSAS implementation on quality of financial reports of MDAs in Benue state which subjected two quality metrics, faithful representation and understandability to analytical tests. The study established that implementation of IPSAS has significantly improved faithful representation and understandability of financial reports, and this has also significantly resulted in improved quality of financial reports. The study established that in the post IPSAS period, financial reports prepared and presented by the MDAs in Benue state depict more details and lucid information which significantly enables the various stakeholders have a clear understanding of the contents of such reports, implying that IPSAS has significantly affected quality of financial reports of the sampled MDAs in Benue state. Based on our findings therefore we conclude that IPSAS has significantly impacted on quality of financial reports of MDAs in Benue state in terms of faithful representation as well as understandability and this has significantly impacted on their operations and service delivery to the citizenry.

Recommendations

Based on findings of the study, the following recommendations are hereby advanced.

i.   Faithfull representation of financial reports: It is hereby recommended that more valid arguments be provided by producers of the financial reports to support their decisions for certain assumptions and estimates in the annual reports, and in their discussions of the actual results they should as a matter of faithful presentation highlight both positive and negative events.

ii.   Understandability of financial reports: The study recommends that the manual reports should be presented in a better organized manner, graphs and tables could be used which will in no small measure help in further clarifying the financial reports to further enhance the understandability of the reports.

References

Adekunle, G., & Mallam B. A. (2018). Valuation standards in the implementation of international public-sector accounting standards (IPSAS) for transparency. *Asian Journal of Economics, Business and Accounting 3(2), 1-9,*

Ademola, O. A., Adegoke, A. K., & Oyeleye, A. O. (2017). Impact of international public sector accounting standards (IPSAS) adoption on financial accountability in selected local governments of Oyo State, Nigeria. *Asian Journal of Economics, Business and Accounting 3(3), 34-55*

Akinleye, G. T., & Alaran-Ajewole, A. P. (2018). *Effect of international public sector accounting standards on information delivery and quality in Nigeria. Research Journal of Finance and Accounting, 9(6), 147-163*

Al- Kharabsheh, F.I. (2021). Effect of adopting international public sector accounting standards (IPSAS) on financial performance in the Jordanian public sector. *Academy of Accounting and Financial Studies Journal,* 25 (2), 14 – 35.

Al-Saadi, A. (2017). The importance of international public sector accounting standards (IPSAS) in disclosing the transparency of the financial statements of the public accounting system, Madea university

Alyan, K. (2018). The expected effects of applying the international public sector accounting standards on the governmental accounting system in Jordan (case study): Ministry of Awqaf, masters thesis, Zarqa private university.

Angahar, P.A., & Gwar, S. (2019). Implementation of international public sector accounting standards in Benue State public service: prospects and challenges. International Journal   of Research in Business Management, 7 (10), 1–10

Ayobanmi, J.O. (2014). Impact of the mandatory adoption of IPSAS on quality of government financial reporting in Nigeria. *International Journal of Accounting and Finance, 15, 78-100.*

Benito, B., & Brusca, I. (2017). The harmonization of government accounting Systems, the impact of IPSAS. *International Journal of Accounting and Management, 73, 279-307.*

Dabor, W., & Aggrey, R. (2017).The relationship between the adoption of international public sector accounting standards (IPSAS) by governments and impact on quality of financial reporting. Doctorate Dissertation, Capella University, USA.

Deacon, A., & Crina, F.(2011). The impact of accrual accounting on public sector management: an exploratory study of Romania. *Journal of Transilvanian Review of Administrative Sciences, 3, 21-46.*

Ephraim, A. K., & Ojile, A. C. (2019). An assessment of IPSAS compliance in local government system in Benue State. *Multi-Displinary International Journal*, 1(1), 34 - 58

Fahmid, I.M., Harun, H., Graham, P., Carter, D., Suhab, S.Y., & Fahmid, M.M. (2019). IPSAS adoption: new developments from G20 countries to village governments in developing countries. *Public Money and Management, 1 - 4*

FASB (2008).Concept No 1, objectives of financial reporting by business enterprises, *FASB Journal, 2008.*

Goldberg, J.L. (1965). The commander theory and quality of financial reporting. *Accounting Horizons, 14(3), 353-363.*

Hassan, M.A. (2019). Public sector accrual accounting: perspectives from practitioners and academics. *Journal of Interdisciplinary Research in Accounting and Finance,* 3, 27 – 41

IASB (2010). The conceptual framework for financial reporting. Retrieved *online at http:/eipsas.iasb.org/eipsass/bnstandards/en/framework.pdf*

Izedonmi, F., & Ibadin, P. (2013). IPSAS framework, regulatory agencies and standards setting procedures. *European Journal of Business and Management,* 6, 15-34

Kwaghhar, N., & Onov, P. (2017). Design and analysis of social and management research studies: A practical guide, *Makurdi; Badens Publishers.*

Muraina, S.A., & Dandago, K.I. (2020). Effects of implementation of international public sector accounting standards on Nigeria's financial reporting quality. *International Journal of Public Sector Management,* 33(2/3), 323 – 338

Nzewi, U.C., & Enuenwemba, F. (2020). Effect of adoption of international public sector accounting standards (IPSAS) in the public sector of Delta State. *International Journal of Advanced Academic Research,* 6(10), 22 - 41

Oko, L. (2018). IPSAS and public accountability: impact on quality of financial reporting in Rivers state MDAs. *International Journal of Investment and Finance*, 3, 145-149.

Okoye, I., Modebe, J., & Ogundele, R.T. (2016). International public sector accounting Standards adoption: impact on quality of public sector entities financials. *Business Day*, 2, 56-87.

Olaoye, F.S., & Olaniyan, O. (2018). Impact of IPSAS adoption on quality of financial reporting in Nigerian public sector. *Journal of Accounting and Business, 2, 104-117.*

Olayinka, E., Oyeleke, O., & Ogundele, O. (2019). IPSAS adoption and quality of financial reporting in Nigerian public sector. *Mediterranean Journal of Social Sciences,* 4, 179-201.

Olola, O. A. (2019). Effects of international public sector accounting standards on financial accountability in Nigeria public sector. *European Journal of Accounting, Auditing and Finance Research*, 7(3), 41-54

Patrick, E.A., Danladi, O.A., Caleb, A.J., & Adewunmi, L.O. (2017). Accountants' perceptions of IPSAS application in Nigerian public sector financial management and reporting *Journal of Economics, Management and Trade, 2, 1-22*

Saadani, N. & Kerr, N. (2019). Prospects for adopting international public sector accounting standards (IPSAS) in Algerian public institutions (Master's Thesis), faculty of economic, commercial and management sciences, Setif University

Sekaran, U., & Bougie, R. (2016). Research methods for business: a skill building approach, (7thed), NY: John Wiley & sons Inc, New York.

Williams, A. A., & Hussein, S. (2019). Impact of IPSAS adoption on transparency and accountability in managing public funds in developing countries: Evidence from Liberia. *Journal of Accounting and Taxation*, 11(6), 99-110

Yamane, T. (1967). *Statistic: An introductory analysis*. (2nd Ed.), New York: Harper and Row.

Zhuquan, W., & Javed, M. (2018). Adoption of international public sector accounting standards in public sector of developing economies -analysis of cive South Asian Countries. *Research in World Economy, 9(2), 12 – 36*