# IMPLEMENTING INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS IN NIGERIA: ISSUES AND CHALLENGES

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**ABSTRACT**

*In recent times the issue of International Public Sector Accounting Standards (IPSAS) has been of interest to scholars as far as financial reporting in the public sector is concerned. IPSAS have been embraced by many jurisdictions given its numerous benefits in the area of transparency and accountability. However, the transition to IPSAS has been a challenge, and the trend must be reversed. Therefore, the aim of this study is to contribute to the scholarly debate on the implementation of IPSAS so that the different Countries adopting it could gain some insight into factors relating to the transition, to improve strategic decisions based on evidence from established body of knowledge and empirical analysis. The research objective is to investigate the factors that contribute to the slow implementation of IPSAS in Nigeria. A research question is pursued to achieve the objective. The research question is what are the factors that affect the implementation of IPSAS in Nigeria? An attempt is made to answer the research question based on cross-sectional survey design. Stratified random sampling statistics is employed for the study. A sample of two hundred and thirty-two (232) respondents drawn from the accounting and auditing cadres in the public sector are used to conduct this study. This study employs descriptive statistics for analysis. Findings from this study show that political buy-in of all the government functionaries as a collective decision is a significant factor for the slow implementation of IPSAS in Nigeria. The implication of this finding is that the benefits of IPSAS which are necessary for good governance may remain untapped if the situation is unchecked. Therefore, this study recommends the need to apply moral suasion among the government functionaries to achieve the implementation, and harness the benefits of IPSAS for improvement in public financial management in Nigeria. This study is useful to various stakeholders such as foreign direct investors for decision making.*

Keywords: Accountability, International Public Sector Accounting Standards,Implementation, Public financial management, Transparency

## 1. INTRODUCTION

### 1.1 Background of the study

The traditional approach to public sector accounting is based on cash accounting under the Generally Accepted Accounting Principles (GAAP) which was copied from the private sector. The GAAP was originally meant for the private sector. It is convenient for accounting and cheap because in government, the primary objective of the financial statements has been for an individual Accounting Officer to be held to account and responsible for the way in which funds allocated in the budget have been utilised based on cash accounting. Unfortunately, The GAAP system has been criticised for poor transparency and accountability. The GAAP has failed in the public sector because the public and private sectors are different in objectives, goals, and expectation. Hence, the need for review was apparent and urgent to improve public financial resources management. The pressure to review the GAAP was more in the wake of the European Financial crisis which later became global because it was argued that the sometimes inapplicable GAAP accounting practices of the private sector being used in the public sector contributed to the event and somewhat belated response to the financial crisis. Ever since, Scholars have been concerned about accounting change in government (Sanderson 2009; IFAC, 2007).

Scholars have continued to call for an efficient approach to public governance in line with the New Public Management reforms (Babatunde, and Dandago, 2014; Ball, and Pflugrath, 2012). Omolehinwa (2012) argues that there is need to account for peoples' money. The need for an accounting change resulted into the introduction of International Public Sector Accounting Standards (IPSAS) by the International Federation of Accountants (IFAC).

IPSAS are accounting standards issued in sets by IPSASB. "IPSAS are high-quality global accrual-based accounting standards which enable governments to produce high-quality financial information that leads to better decision making and builds accountability and trust with citizens" (IFAC 2017, p.1.). IPSASB (2015) explains that the standards are for use by public sector entities excluding Government business enterprises worldwide. These standards are for the preparation of financial statements. The objective of IPSAS is to improve government financial resources decision making based on an improved general purpose financial reporting by public sector entities, to enhance transparency and accountability in public governance. International Public Sector Accounting Standards Board (IPSASB) which is a Committee of IFAC is responsible for issuing IPSAS.

IFAC (2007) enjoins the global community to adopt and implement IPSAS in public governance, for convergence, uniformity of reporting, improved accountability and transparency. The adoption and implementation of IPSAS promote a reliable and transparent financial reporting, which can improve public sector decision making so that electors are better accountable to their constituents. Ijeoma and Oghoghomeh (2014) explain that the implementation of IPSAS enhances public-private partnership arrangements in collaborative efforts, with both running on a similar set of accounting standards (IPSAS and IFRS). The study argues that IPSAS benefits include economic leverage since sovereign nations are induced with the prospect of equal benefits.

IPSAS block the tolerance of double standards in government services because it is about the transparency of operations. It is a solution to the predominant corrupt Countries like Nigeria.

IPSAS were first issued on a cash basis in an attempt to follow the tradition of cash accounting in the public sector. The issuance of the Cash Basis IPSAS has been widely promoted by the donor community, IFAC and IPSASB. Unfortunately, the Cash Basis IPSAS are also criticised as not based on the good practices that have been developed in many countries over the past decades. Governments that report on a cash-basis do not account for significant liabilities, such as pensions and infrastructure development; as a result, the IPSASB formulated the accrual IPSASs for the public sector to substitute International Financial Reporting Standards of the private sector in line with the New Public Management trend. IFAC (2017) enjoins public sector entities to adopt the accrual IPSAS abbreviated as IPSASs as a measure to improve financial management transparency in a government.

IPSASB has issued forty accrual standards, but ironically despite the benefits, none of the standards has been implemented in Nigeria. Many jurisdictions have adopted IPSAS but have not implemented them. Some have implemented them either partially or completely. Much more are on the road to implementing the standards. According to Aboagye (nd), the European Commission (EC), North Atlantic Treaty Organisation (NATO) and some members of the African Union (AU) such as Ghana, South-Africa, Zimbabwe, and Botswana have adopted IPSAS.

Also, the primary financial resource suppliers to developing nations such as the World Bank, the Asian Development Bank, and the United Nations have endorsed IPSAS for use in accounting for the financial assistance they offer. Chan (2005) explains that the reports on the accounting and auditing gap assessment, prepared by the World Bank for the South Asian countries indicate that all South Asian countries (Bangladesh, Bhutan, India, Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka) are making a transition towards IPSAS.

Despite the benefits, the implementation of this unique accounting change in government has been problematic because many governments are reluctant to accept the IPSAS reform but rather prefer to stick to the prior system of financial reporting. Notwithstanding, IFAC continues to propagate IPSAS adoption but despite the efforts the journey to implementation is still slow around the World although many countries adopted it but implementation has been an issue (IFAC, 2014). Adhemar (2006) argues that the IPSAS benefits are undermined by the fact that few governments have adopted the standards that are broadly consistent with IPSAS. For instance, IFAC (2017) finds that Anguilla and the Cayman Islands are the only Caribbean countries that have fully implemented IPSAS, many of the other Countries started the process while many more countries are facing some challenges with IPSAS implementation despite the numerous benefits.

Also IFAC (2017) finds that implementation of IPSAS in the OECD countries have been very slow. The study also argues that while the direct adoption of international accounting standards, such as International Public Sector Accounting Standards (IPSAS) by national governments remains very low, almost 28% of the standard-setters use IPSAS as primary or explicit references for developing their national standards. According to IFAC (2017) why the direct adoption of international accounting standards by national governments remains very low was due to some factors such as cultural, technical and required expertise.

In line with the trend in globalisation, Nigeria considered the IFAC expectation and a significant decision was made by the Nigerian government when the International Public Sector Accounting Standards (IPSAS) was adopted in 2010, as the latest initiative in public sector reforms in Nigeria. This decision was predicated on the need to improve good governance as a catalyst to promote accountability and transparency in the management of public sector finances in the country. The adoption was supported by the enactment of the Financial Reporting Council of Nigeria Act, No.6, 2011. The Act empowers the Council to ensure the implementation of IPSAS in the best interest of Nigerians.

It is a good thing to adopt IPSAS but its implementation is a more serious and rigorous matter. Unfortunately, since the adoption of IPSAS, Nigeria is behind in the implementation. While the Country is wasting time on implementing the cash IPSAS, they were replaced with accrual IPSASs in 2013, and yet Nigeria has not implemented any of them ever since, contrary to expectation.

In view of the slow implementation of IPSAS, the Federation Account Allocation Committee (FAAC) of Nigeria at the meeting of 13th June 2011 established a Sub-Committee to work out modalities for the implementation of IPSAS in Nigeria.

It was expected that IPSAS cash basis would be applied to public sector financial reporting in 2012. The application was scheduled to start in 2012 being the year set as the deadline for the issue of first published IPSAS-compliant financial statements, but it failed. The Federal, State and Local Government Councils in Nigeria are to commence implementation of cash IPSAS by 2014 and accrual IPSASs by 2016, alas Nigeria has failed to meet the targeted dates despite the efforts of the Federal government since IPSAS adoption in 2010.

The incessant failure to implement IPSAS is quite an irony because the same Country has implemented the International Financial Reporting Standards for its private sector organisations without much delay which shows an element of a double standard attitude of some government institutions charged with the responsibility. For example, the Financial Reporting Council of Nigeria which is a government apparatus enforced the implementation of IFRS successfully in the private sector of the same Country, but this is not the case with IPSAS which is a puzzle to be resolved as to factors responsible.

Many issues have been established by scholars for the failed implementation such as the required expertise and cost (Atuilik, Adafula, and Asare, 2016; Omolehinwa, and Naiyeju, 2015; Tikk, 2010 and Tickell, 2010). Several workshops and seminars have been organised to sensitise the public, educate and train the practitioners and ensure a smooth transition to the IPSAS regime but they all failed to achieve the implementation. Unfortunately, despite the efforts, the implementation date continues to fail and has shifted several times first to January 2014 and then to January 2016 without success.

The frequent changes in implementation date have been viewed with mixed feelings among the practitioners and scholars in Nigeria. According to Ofoegbu (2014), several attempts have been made in the past towards improved financial reporting system in Nigeria, but they all failed. The study argues that existing financial reporting practice was based on laws and regulations such as Audit Ordinance Act No. 38, 1956 and Finance (Control and Management) Act No.33, 1958 all of which do not accord with the cash IPSAS.

Unfortunately, continuous delay in the implementation of IPSAS undermines the realisation of the benefits, such as in the area of transparency and accountability to the disadvantage of the Nigerian citizens. In view of the foregoing, the ineptitude on the part of Nigeria to implement IPSAS raises some questions in the minds of scholars in the areas of the factors that are affecting the implementation. It is necessary to probe these factors. Besides the inconsistencies in dates of implementation of IPSAS have a great setback on Nigeria because the country cannot operate in isolation of the World. It is evident that something has to be done to reverse the trend.

Also, there is a shortage of studies on the implementation of IPSAS because prior research on IPSAS have not paid much attention to the implementation but rather the benefits, whereas benefits can only accrue if IPSAS are implemented. For instance, Ijeoma and Oghoghomeh, 2014; Christiaens, Vanhee, Manes-Rossi, Aversano, and Cauwenberge, 2014 focused on the benefits of IPSAS which is a stage after implementation. Also, some earlier research focused on the implementation of International Financial Reporting Standards (Adeyemi, 2005; Adeyemo, 2014) but there are no enough studies on IPSAS. Furthermore, IPSAS issue is not adequately focused by scholars in developing economies, this study covers Nigeria which is a developing Economy.
This study investigates the factors that are responsible for the slow implementation of IPSAS in Nigeria. It is expected that the identification of the mitigating factors will highlight specific issues that require attention, to improve the implementation strategy of IPSAS in Nigeria.

This study is unique in many ways, first it is on a contemporary issue in public governance. Second it is an attempt to cover some missing gap in the literature in the area of dearth of similar study in developing economies like Nigeria. Third, its methodological approach is in line with the trend in research design, as a contribution to the existing body of knowledge. Fourth, the findings are of significance to various stakeholders in different ways. Fifth, the recommendation emanating from the research findings are worthy of actualisation in the best interest of citizens.

**1.2 STATEMENT OF THE PROBLEM**

The slow implementation of IPSAS since it was adopted in Nigeria in 2010 may imply nonconformity with the trend in globalisation. It also portrays noncompliance with IFAC public sector reform strategy as it relates to IPSAS. IPSAS reform is about transparency and accountability in the management of public resources. This problem of slow implementation can cause the nation to be less attractive to foreign direct investment because of poor transparency in the affairs of government, lack of comparison of financial reports of home and foreign operations due to different reporting format. Donor agencies and other funding agencies may not be attracted to Nigeria since it is slow in complying with the new public management reforms as established by the IFAC which is the global umbrella body of accountancy, to the detriment of a nation with poor transparency perception index. Transparency International (2016) corruption perception index ranks Nigeria 136th out of 176 countries surveyed. Also United Nations economic commission for Africa (2015) finds that there are illicit monies with some Nigerians.
Some factors have been identified by scholars to have contributed to the slow implementation of IPSAS. These factors have been identified to include cultural, expertise, political-buy- in and accountability. For instance, the literature has identified political buy-in of top government at the different levels of governance as an issue of concern in the implementation of IPSASs (Atuilik, Adafula, and Asare, 2016; Tikk, 2010 and Tickell, 2010). Ijeoma and Oghoghomeh (2014), Aboagye (nd). Nurunnabi (2012) joined the debate on the implementation of IPSASs and argue that there is the problem of Sociological factors. Omolehinwa and Naiyeju (2015) and Hamisi (2012) identifies the cost of implementation as a problem. Accountability is a factor affecting the implementation of IPSAS (Alshujairi, (2014).

**1.3 AIM AND OBJECTIVE OF THE STUDY**

The aim is to contribute to the scholarly debate on IPSAS implementation so that the different Countries adopting it could gain some insight into factors relating to the transition, to improve strategic decisions for successful implementation of IPSAS. Therefore, this study is designed to achieve the following specific objective:
Investigate the factors that contribute to the slow implementation of IPSAS in Nigeria

**1.4 RESEARCH QUESTION**

What are the factors that affect the implementation of IPSAS in Nigeria?

**1.5 SIGNIFICANCE OF THE STUDY**

The findings of this study are to restore the hope of citizens considering improved government role playing in peoples' welfare. The study is of benefit to the society because it will promote transparency and accountability as a life changing approach to governance.

Scholars of accounting shall find it useful in preparing their students for the implementation of IPSAS as a part of the public sector accounting curriculum. Researchers would be able to uncover critical areas of governance process which have not been adequately explored.

Researchers are sometimes psychologically confronted with the determination of methodology; this study provides a methodological framework in this regard. Accounting professional bodies such as ICAN, ANAN, ICAEW, ICMA, and IPA are exposed to the public sector aspect of accounting development that connotes modification of behavioural skills acquisition, to improve study curriculum for quality professional accounting education.

This study encourages administrators, results obtained shall expose Administrators to effective planning and control. Policy makers are guided by the need to apply IPSAS at the Federal, State and Local government tiers. The value of timing and timeliness in decisions that affect peoples' lives is appreciated by policy makers.

Oversight functions of auditors and legislators are made easier. This study from its findings would contribute to the existing body of knowledge in accounting, economics, and related areas. This study contributes to the development of public financial management as an innovation to the existing body of knowledge.

To the practitioners of accounting, this study is a reference locally and internationally. Donor agencies, lenders, rating agencies and non-governmental organisations shall find it useful for information and data gathering, statistics and analysis.

### 1.6 SCOPE OF THE STUDY

This study focuses on the implementation of IPSAS in Nigeria. The study area covers Lagos State which is the economic hub of Nigeria where over 65% of the national commercial activities are undertaken. The research cuts across the accountants and auditors in government since they are the foremost practitioners in charge of the implementation of IPSAS. This study explores the events, evidence, facts, and actions of actors who are involved in the policy formulation and implementation of the IPSAS in Nigeria.

## 2. REVIEW OF LITERATURE

### 2. 1 INTRODUCTION

The Federal Republic of Nigeria is a multi-party democracy with the executive, legislative and judicial arms of government. The executive comprises of three tiers of government, the Federal, State and Local government and each of the three arms and three tiers enjoys some autonomy to a large extent in the running of the Federal, State or Local government affairs. Any law passed by each tier may not be binding on the other tiers separately or collectively on the same scale, and thus different points of view as regards the implementation of the law may ensue, an example of this; is the Financial Reporting Council Act 2011, which provides for the adoption and implementation of IPSAS. Such laws run the risk of slow implementation as is currently the case with IPSAS in the Nigerian public sector accounting system.

According to the Institute of Chartered Accountants of Ghana (ICA- Ghana) (2010) public sector accounting is a system that gathers, records, classifies and summarises as reports the fiscal and financial transactions that exist in the public or government sector, as financial statements and interprets them as may be required by accountability and fiscal transparency to provide information to users associated with public institutions. It involves the receipts, custody, disbursement and rendering of stewardship of public funds entrusted.

Nigerian public sector accounting is strategic in the development of the Nation through the public sector apparatus on one hand, it drives the business operations of the private sector to a large extent on the other hand. The public sector accounting financial system in Nigeria is managed by the Ministry of Finance and the budget office at the Federal level, while each of the thirty-six States of the Federation run their financial affairs through their individual Ministries of Finance and budget offices as each State is autonomous with separate budgets backed up by an appropriation law. Also, each of the seven hundred and seventy four Local councils of the nation run their affairs separately. The three tiers maintain individual budgets that are guided by separate appropriation laws from preparation, approval, implementation of the government budgets. They are individually governed with separate functionaries. They also maintain the development of the public sector financial reports for audit and publication individually.

The global apprehension, eagerness for better public financial management, fiscal prudence that guarantees improved governance, accountability, and transparency have been a driving concern to both developed and developing countries. This has given rise to many reforms such as the establishment of IPSAS by IFAC which establishes and promotes the application of IPSAS for public sector entities around the world.

IPSAS are essential to the development of an efficient public sector accounting and reporting system in any country to identify and measure the government's expenses, revenues, assets, and liabilities properly. Therefore, the adoption of IPSAS in Nigeria in 2010 was a welcome development by all the tiers of government. However, each tier has a different capacity to withstand what it takes to implement it regarding various factors such as finance, expertise and political party alignment, which may be hindering the implementation and slow the process of better governance.

Furthermore, the trend in the implementation of IPSAS Worldwide cannot be overlooked in Nigeria. For example, the South Asia countries are desirous of implementing IPSAS, but not much has been achieved. PwC (2015) explains that the Federal

Government of Malaysia has gone far in the preparation towards accrual accounting. Although, the Malaysian Public Sector Accounting Standards (MPSAS) are primarily drawn from IPSAS.

Janardanam (2016) explains that no country in South Asia is fully compliant with the cash-basis IPSAS. Janardanam (2016) explains that the process of implementing IPSAS is long and there are some obstacles such as cultural, communication, expertise laws and regulations factors. The study argues that the major requirement to achieve the tectonic change of implementing IPSAS is a serious commitment at the top levels of government from both political and administrative angles. Similarly, in Europe virtually all the Countries have adopted IPSAS, likewise virtually all South American countries have decided to implement IPSAS. Tremendous progress has been made across the world so far.

According to PwC (2015). The Consolidated Fund of the Public Accounts of Ghana is currently prepared on a modified accrual basis. The plan is to implement accrual-based IPSAS from 2016, to consolidate the benefits of IPSAS.

**2.2 THEORETICAL FRAMEWORK**

An in-depth analysis of this study relies on the existing body of knowledge in the area of a theoretical framework. Two related theories are examined, they are the New Public Management, and Stakeholders theories.

2.2.1 THE NEW PUBLIC MANAGEMENT (NPM) THEORY

An analysis of the need for a transparent and accountability driven governance has generated debate stemming from the New Public Management (NPM). (Onalo, Lizam, and Kaseri, 2013; Andriani, Kober, and Ng (2010). Cortes (2006) explain that NPM focuses on efficiency, performance measurement, fiscal discipline, accountability and transparency. The various theories of governance accommodate that social conflicts are resolved by a sovereign from a perspective of responsibility as guided by the new public management theory (Bevir 2011; Carrington, DeBuse and Lee 2008). In tandem with NPM, there is a growing consensus concerning the merits of accounting reforms in the public sector (Harun, 2007).

The new public management techniques for the public sector are to facilitate more transparency in government activities, to strengthen the accountability of government, and improve decision-making (Mack, and Ryan, 2006). In response to NPM, Nigeria achieved a historic opportunity to develop a more democratic political system and to improve transparency and accountability. Nigeria adopted a multiparty system for the election of government office holders, with the executive at the central level and governors, and local government heads at the State and local levels respectively.

Also, a set of new accounting standards based on IPSAS was adopted to reform effective and efficient governance in the provision of services to Citizens. IPSAS applies to the underlying principles of recent social, economic, public sector reforms as means to improve the accountability, transparency and public sector governance in Nigeria. The implementation of IPSAS in Nigeria as a part of broader financial management and public sector reforms in line with the doctrine of NPM in the country is still a dream.

2.2.2 STAKEHOLDERS THEORY

Stakeholders' theory is based on the assumption that ''values are necessarily and explicitly a part of doing business. It asks managers to articulate the shared sense of the value they create, and what brings its core stakeholders together so as to deliver on their purpose'' (Freeman, Wicks, Parmar 2004, p. 1). Financial statements are subject to stakeholders' scrutiny to ascertain their usefulness in line with the Stakeholders theory.

Danescu and Rus (2013) argue that accounting information available should serve the users for their target purpose. The users of the IPSAS in the public sector suggest that its implementation is necessary for measuring performance, accountability by government organisations, efficiency, and effectiveness and decision making to support a proper function of democracy.

Ironically, at the practical level, the implementation of the new policies is not a simple process (Haroun, 2012; Nor-Aziah and Scapens, 2007; Dambrin, Sponem and Lambert, 2007). Thus it is a mistake for technocrats to see the introduction of IPSAS as merely a technical reporting innovation. Government accounting needs a broader theory of government accountability, which can be derived from Herbert Simon's organization theory (Simon, 1945).

When applied to the public sector, the essence of the theory is that a variety of stakeholders have a vested interest in a financially viable government. Their incentive to use a government's financial statement, a source of their collective knowledge of the government comes from their desire to know the amount, timing, and degrees of uncertainty of the benefits they expect to receive from the government (Sunder, 1997). General purpose financial reporting reduces information asymmetry between the stakeholders and government officials in control of government financial accounting system. IPSASs are improvements on general purpose financial reporting. It is a better way to satisfy the stakeholders be it public officers or the citizens. To guard against stakeholders' being short-changed by the government or vice-versa, the implementation of IPSAS is considered a sine-qua-non. The social contract between the public office holders and the citizens confers legitimacy on the citizens in the stakeholders' basis. To this end, the citizen organises themselves into strata of the private entity and constitute stakeholders by contributing in the running of their affairs in anticipation of benefits as shown in Table 1.

**Table 1: Stakeholders' expectation from government**

| Stakeholders | Contributions Made | Benefits Expected |
|---|---|---|
| **Voters** | Government legitimacy | Availability of public and private goods and services. Good standard of living |
| **Taxpayers, fees, charges, levies payers** | Payments or promises to pay | Public and private goods and services |
| **Grantors and donors** | Financial resources | Services per terms and agreements of grants |
| **Lenders, creditors** | Financing, including financial resources | Payment plus interest per term of credit |
| **Employees** | Labour | Reward for labour like compensation, incentives, motivation and retirement benefits |
| **Contractors** | Goods and services | Contracts and Payments |

*Source: Researcher's analysis 2017*

**2.3 JUSTIFICATION FOR IPSAS**

There are arguments as to the benefits of the implementation of IPSAS. Some Scholars believe that IPSAS implementation is in the right direction. For instance, Acho (2014) argues that implementation of IPSAS in Nigeria will help in the harmonisation of financial operations and uniformity in the reporting of public sector accounting information and disclosure. Ijeoma and Oghoghomeh (2014) argue that implementation of IPSAS shall improve comparability of the financial information that is reported by the public sector entities in Nigeria and around the world, whereas some studies caution on the implementation of IPSAS. Chan (2005) argues that IPSAS can make only a limited contribution to institutional capacity building in developing countries. Omolehinwa and Naiyeju (2015) explain that the implementation could be expensive. Given the fact that there is no consensus in the literature, this study investigates the various arguments to contribute to the existing body of knowledge on IPSAS.

**3. RESEARCH METHOD**

3.1 RESEARCH DESIGN

The research method is quantitative. It is based on available information on the conceptualisation of the implementation of IPSAS, laws, and regulations in a questionnaire format, which constitutes primary data. This method belongs to cross-sectional survey design category. A primary data approach is used because of the peculiarity of this study which is about a technically distinctive situation with many variables of interest. The result relies on multiple sources of evidence, with data coverage and benefits from the prior development of theoretical proportion to guide data collection and analysis in line with Yin (2003). Following Yin's (2003) the primary data for this research focus on why and how questions on IPSAS. This study uses perception analysis, following the trend in Jachev & Bowser (2008).

3.2 POPULATION

The research cuts across the accountants and auditors in Lagos State government. They are the foremost practitioners in charge of the implementation of IPSAS. This research focuses on State government because government have a high stake in achieving the implementation framework in the area of legislation, enforcement and monitoring. Lagos State is the pacesetter state in Nigeria when it comes to issues of technical accounting change such as the implementation of IPSAS. The State is a large employer of public servants accountants and auditors, who are well informed in the issue at stake that is the implementation of IPSAS in Nigeria. These public servants constitute the population of this study. The population chosen is representative for Nigeria given that over 65% of Nigeria's commercial activities are carried out in Lagos, also Lagos State contributes the highest to the Country's Gross Domestic Products at 12% among the thirty- six Sates of Nigeria as at 2013 (Business news, 2014). Lagos is the fifth largest economy in Africa (Akintilo, 2015).

The population size is three hundred and ninety (390) Accountants and two hundred and six (206) Auditors in Lagos State government, making a total of five hundred and ninety-six (596) respondents.

By investigating the perception of practitioners, this study explores the events, evidence, facts, and actions of actors who are involved in the policy formulation and implementation of the IPSAS in Nigeria. Following Yin (2003) the primary data for this research focuses on why and how questions on IPSAS.

**3.3 SAMPLE SELECTION**

The respondents are two categories of accountants and auditors groups, for representativeness the population is stratified into the two groups from which the sample is selected. The sample was selected using Slovin's formula of $n = \frac{N}{1} + N(e)2$,
Where n = the sample size, N= the population size, and e is the margin of error.

N = Population of 596
e = Margin of error of 5%

$$n = \frac{596}{1} + 596(.05)2 = 240$$

However, because of the rejections of 5 questionnaire copies for mutilation and 3 copies not returned, two hundred and thirty-two (232) copies of the questionnaire are used for the research analysis. The distribution is shown in Table 2.

**3.4 RESEARCH INSTRUMENT**

The research instrument is a five- point Likert scale type of questionnaire. It is designed to be straightforward and concise. Because Nigeria has not implemented IPSAS before, this study follows the trend in previous researches (Ijeoma and Oghoghomeh, 2014; Yin, 2003) to determine the content of the research instrument. It covers the areas of IPSAS benefits and factors affecting the implementation, assurance and public interest. The instrument is clean and impartial. It asks the respondents to give their perception independently. It uses acceptable and objective indicators.

The questionnaire contains a set of questions classified into two major sections A and B. Section A features questions on bio-data of the respondents. Section B of the questionnaire comprises of statements of assertion and open-ended questions. These are designed primarily to provide information for answering the research question. The applicable five-point Likert scale used is outlined and interpreted with points of degree agreement, Strongly Agree= 5, Agree= 4, Undecided =3, Disagree =2 and Strongly Disagree= 1 (Babatunde 2013). Given the different strata of the respondents, stratified random sampling is adopted for this study as shown in Table 2.

**Table 2: Administration of questionnaire in Lagos state government of Nigeria**

| **Respondents function** | **Population** | **Stratified random sample Proportion (%)** | **Questionnaire copies distributed** | **Questionnaire copies retrieved and analysed** |
|---|---|---|---|---|
| Accountants | 390 | 65 | 157 | 152 |
| Auditors | 206 | 35 | 83 | 80 |
| **Total** | **596** | **100** | **240** | **232** |

*Source: Field survey 2017*

### 3.5 INSTRUMENT RELIABILITY

The research instrument was subjected to content validation to ensure that the substance of the instrument measures the variables investigated in the study. The initial copy was reviewed by two doctoral students in accounting. Their input was incorporated into the second version which was reviewed and approved by a Professor in accounting.

Also a reliability test was conducted. The reliability test recorded a Cronbach's alpha of .780 which is above the acceptable standard of 0.70. Hence, the research is highly reliable. The responses are analysed through the use of descriptive statistics in the form of frequencies. The statistical analysis is done with the aid of IBM Statistical Package for Social Sciences (SPSS) version 22.

## 4. DATA ANALYSIS AND RESULTS

### 4.1 DATA ANALYSIS

The descriptive statistics in Tables 3 to 6 are used to analyse the results of the responses to the questionnaire. Tables 3 to 5 explain the strength of the respondents regarding their job, education, and experience as they relate to the chosen topic.

**Table 3: Respondents academic qualification**

| | Description | Frequency | Percent |
|---|---|---|---|
| Valid | HND/BSC | 172 | 74.1 |
| | MSC/MBA | 46 | 19.8 |
| | Total | 218 | 94.0 |
| Missing | System | 14 | 6.0 |
| Total | | 232 | 100.0 |

*Source: Field Survey 2017*

Table 3 indicates that 74.1 % of the respondents are well educated with at least a first degree or its equivalent. It implies that the respondents are highly knowledgeable and well informed.

**Table 4: Respondents Job title**

| | Description | Frequency | Percent |
|---|---|---|---|
| Valid | Accountant | 146 | 62.9 |
| | Auditor | 77 | 33.2 |
| | Total | 223 | 96.1 |
| Missing | System | 9 | 3.9 |
| Total | | 232 | 100.0 |

*Source: Field Survey 2017*

**Table 5: Respondents work experience**

| | Description | Frequency | Percent |
|---|---|---|---|
| Valid | 10-5 YEARS | 16 | 6.9 |
| | 6-10 YEARS | 59 | 25.4 |
| | ABOVE 10 YEARS | 139 | 59.5 |
| | Total | 213 | 91.8 |
| Missing | System | 19 | 8.2 |
| Total | | 232 | 100.0 |

*Source: Field Survey 2017*

Table 4 shows that the respondents are accountants and auditors in the proportion of 62.9% and 33.2 % respectively. This implies that the respondents are knowledgeable and experienced in public sector accounting, most of them have spent above ten years in service at 59.5% as depicted in Table 5.Table 6 is used to answer the research question.

**Table 6: Descriptive Statistics of respondents perception of the factors that affect the implementation of IPSAS in Nigeria**

| Item No. | Description | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|---|
| 1. | Implementation of IPSAS in Nigeria is affected by political buy-in among the different government functionaries in Nigeria. | 228 | 2.00 | 5.00 | 4.08 | .84 |
| 2. | Implementation of IPSAS in Nigeria is affected by sociological factors | 225 | 1.00 | 5.00 | 3.46 | 1.08 |
| 3. | Implementation of IPSAS in Nigeria is affected by availability of expertise | 224 | 1.00 | 5.00 | 3.48 | 1.27 |
| 4. | Implementation of IPSAS in Nigeria is affected by accountability, | 226 | 1.00 | 5.00 | 3.72 | 1.13 |
| 5. | Implementation of IPSAS in Nigeria is affected by institutional commitment | 224 | 1.00 | 5.00 | 3.85 | 1.01 |
| 6. | Implementation of IPSAS in Nigeria is due to cultural dichotomy | 221 | 1.00 | 5.00 | 3.25 | 1.30 |
| 7. | Cost of funding affects the implementation of IPSAS in Nigeria | 232 | 1.00 | 5.00 | 3.40 | 1.25 |

*Source: Field Survey 2017*

**4.2 ANSWER TO THE RESEARCH QUESTION**

In Table 6, this study employs mean and standard deviation statistics to measure the dispersion, deviation or how far an average is representative of the mass responses. Table 6 item 1 shows the mean score of 4.08 for political buy-in factor with a standard deviation of .84. This is the highest mean recorded among all the criteria tested and with a less than 1 standard deviation which shows that all the respondents agree that political buy-in of government is a major factor affecting the implementation of IPSAS in Nigeria. It is followed closely by institutional commitment and accountability at a mean score of 3.85 and 3.72 respectively. Availability of prerequisite expertise records a mean score of 3.48 as shown in the Table. The finding indicates that sociological issues and cost of funding should be watched at a mean score of 3.46 and 3.4 respectively as depicted in items 2 and 5 of Table 6. Cultural dichotomy is perceived to be the least of the factors, it affects the implementation of IPSAS in Nigeria with a mean score of 3.25 as shown in item 6 of Table 6. All the scores are slightly above average not far from the maximum obtainable.

The standard deviations for items 2 to 7 of Table 6 for the factors are high at above 1. The high standard deviation is worrisome because it shows that the practitioners are not talking in one voice. The respondents are not in total agreement as to the factors causing the slow implementation of IPSAS in Nigeria except for political buy-in issue. It shows that different respondent have different reasons as a key factor, which further buttresses that there is no consensus on priority factors to hasten the implementation of IPSAS in Nigeria, incidentally all respondents are in alignment when it comes to the issue of political buy-in of all functionaries of government as a common decision to own the process of implementing IPSAS to fruition in Nigeria.

**4.3 RESULT DISCUSSIONS**

This result supports the finding in earlier scarce research on the implementation of IPSAS in the developing economies. Nurunnabi (2012) finds that politico-institutional factors are stronger and more dominant factors than accounting regulatory frameworks for IFRSs implementation in Bangladesh. Ball (2006) argues that most political and economic influences on financial reporting practice are local. Hamisi (2012) finds that there are some factors such as availability of expertise that affect the implementation of IPSAS in Kenya. Harun (2007) finds that improved accountability poses a significant threat to politicians' and bureaucrats' overall income level in Indonesia

The result of this study actualises the objective of the study which is to investigate the factors that contribute to the slow implementation of IPSAS in Nigeria. Also, the study answers the research question having found that political support, institutional commitment, expertise, sociological issues and cost of funding IPSAS are the factors affecting the implementation of IPSAS in Nigeria.

**5. CONCLUSION AND RECOMMENDATION**

5.1 CONCLUSION

This study concludes that political buy-in among the various functionaries of government is a major factor affecting the implementation of IPSAS in Nigeria. This study has largely achieved its aim of contributing to the debate on accounting change regarding the implementation of IPSAS. It also achieved its objective of investigating the factors that affect the implementation of IPSAS in Nigeria

### 5.2 CONTRIBUTION TO KNOWLEDGE

This study has contributed to knowledge. It contributes to the literature that attempts to identify the factors that affect the implementation of IPSAS in developing economies like Nigeria. The methodology is scholarly with empirical evidence

### 5.3 RECOMMENDATIONS

1. The factors mitigating against the implementation of IPSAS in Nigeria should be addressed to achieve the implementation of IPSAS in Nigeria in compliance with the trend in IFAC financial reporting convergence policy
2. Given the findings in this study, moral-suasion is recommended as a way to improve the acceptance of IPSAS among all the functionaries of Government, collectively, in solidarity and conformity with one another, for effective political-buy-in and ownership of the accounting change of successful implementation of IPSAS in Nigeria.
3. A timely implementation of IPSAS is desirable to enjoy the benefits of a transparent government in the best interest of Nigerians.

### 5.4 LIMITATION OF THE STUDY

This study only investigates the factors that are affecting the implementation of IPSAS in Nigeria based on civil servants perspective instead of all stakeholders due to the limitation of time and funding. Therefore, a future study could cover the entire public servants across the board. The IPSAS implementation Institutions such as the Financial Reporting Council of Nigeria and the Institute of Chartered Accountants of Nigeria could also be covered.

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