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Improving the Financial Reporting Quality of Local Government in Plateau State through Expert Implementation of Public and Accounting Policies: A Focus on IPSAS

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Abstract

The poor financial reporting quality of government accounts calls for urgent attention of researchers, this study hereby focused on improving the financial reporting quality of local government in plateau state through expert implementation of public and accounting policies: a focus on IPSAS. The objectives of this study are to ascertain the difference in financial reporting quality before and after the adoption of IPSAS and determine how expert implementation of public and accounting policies enhances timeliness, comparability and understandability of financial statements of LG in Plateau state. This study employed survey, ex post facto and exploratory research design. Independent t-test and logit binary regression model was employed to analysis the hypotheses of the study. This study revealed that before and after the adoption of IPSAS, the financial statements of local governments are not fully comparable, timely and understandable, however, if experts are engaged, the financial reporting quality in respect to timeliness, comparability, and understandability will be enhanced significantly. Arisen from the findings of the study, the study recommended that all the local government councils in Plateau state and in extension the entire nation, should strictly adhere to all the guideline as provided by the standard; efforts should be put in place by ensuring that the 80% contribution of IPSAS to financial reporting quality is attained. This will be made possible if experts are

engaged in training and retraining of personnel that are responsible for the preparation of accounts. To enhance timeliness of accounts, auditor general should ensure prompt audit and signage of final accounts.

Keywords: Financial Reporting Quality, Local Government, Public and Accounting Policies, IPSAS.

Introduction

All over the globe, need to enhance financial reporting quality of government has remain on the front burner especially the developing nation such as Nigeria, evidenced by the emergence of series of accounting scandals such as corruption, embezzlement, poor accountability, poor infrastructural development (Oluwagbuyi, and Olowolaju, 2022). The need for International Public-Sector Accounting Standards (IPSAS) was as a result of global lack of probity, accountability, prudency, transparency, full disclosure, trust, confidentiality and uniformity in financial statements in government accounts. Recent global crisis has drawn attention to the importance of comprehensive, reliable and timely financial reporting by government. It also reveals shortcomings in financial reporting practice in the public sector. It then becomes imperative for government to improve understanding of their fiscal position and prospects and provide stakeholders information they need to make efficient financial decision and government accountable for their performance (Otalor, and Eiya, 2022).

According to Tang, Chen and Lin (2016), the need for increase in international collaboration has led to adoption of uniformity of standard, which guides the preparation of financial statement in order to be comparable and understandable by the users of financial statements such as present and potential investors, employees, lenders, suppliers, contractors, trade creditors, government agencies, legislators, civil society trade unions, citizens and organized private sector (Sundaramuthy, and Lewis, 2022). The global economic crisis and the fluctuation in the price of crude oil in the international market has put almost the whole world, including Nigeria on the pursuit for the best approaches to prevail the crisis. This brought about the implementation of IPSASs by International financial Accounting Committee (IFAC) through International Financial Accounting Standard Board (IFASB) (IFAC, 2022).

The need for the development of unified accounting standards has been the primary driver of IPSAS for public sector financial reporting. Governments are harmonizing with IPSAS as the standards encourages comprehensive reporting, full disclosure, account harmonization, comparability and then pave way

transparency, enhanced accountability, reduction of corruption, effective and efficient service delivery to the citizens. It is important to note that, accountability of public sector, especially in Nigeria and other developing countries has been declining over time, owing to total disregard for efficient financial reporting, negligence and maladministration of regulatory authorities in the country (Salaudeen, Ibikunle, and Chima, 2023).

However, the implantation of this standard requires the services of experts. Oshiole (2022) argued that despite the adoption of IPSAS policy, it has not brought about significant improvement in the financial reporting quality of the public sector because many of the public sector employees are yet to fully understand the provisions, procedures and requirements of IPSAS. He therefore recommended that the services of experts is urgentlly needed.

The need for training of staff on the standards and systems use was greater than expected and a lack of relevant expertise and skills within the public sector was found, meaning manuals had to be prepared (ACCA-Think-Ahead, 2023).

Statement of the Problem

Adoption and implementation of IPSAS is not sufficient to guarantee quality financial reporting, however, expert and professionality is required in the implementation of the standards. Since the adoption of IPSAS, there seems not to have been a significant transformation in the financial reporting quality in respect to timeliness, comparability and understandability of financial reports from the local governments in Plateau state. Hence, having the best accounting tool in place is not enough if there are no experts to implement the tools for the needed purposes. Despite the adoption of IPSAS in Plateau state, there is still the inability to compare financial statements of two local government in the same state, this therefore calls for concern. Inability to compare accounts of government with that of their private sector counterpart. Another major issue is the preparation of financial statements of government on cash basis. Non-inclusion of value of assets and in-fact non-computation of depreciation in government financial statement possess a challenge to faithful reporting.

Other core challenges before IPSAS adoption are broader change management and programme management issues; others are more basic, such as poor IT infrastructure, bad record keeping and paucity of core accounting information under the cash basis financial reporting practice. With the adoption of IPSAS in 2010 in Nigeria and in 2016 in Plateau state, there seems not to have been a significant change in the timeliness, comparability and understandability of financial reports from the local governments of Plateau state, this study therefore investigates the effects of expert implementation of IPSAS on the financial reporting quality in Plateau state.

Objectives of the Study

The main objective of this study is to ascertain improving the financial reporting quality of local government in plateau state through expert implementation of public and accounting policies. The specific objectives are to:

1. Ascertain the difference in financial reporting quality before and after the adoption of IPSAS.
2. Determine how expert implementation of public and accounting policies can enhances timeliness of financial statements of LG in Plateau state.
3. Ascertain determine how expert implementation of IPSAS can bring about comparability of financial statements of LG in Plateau state.
4. Examine the effect of expert implementation of IPSAS on understandability of financial statements of LG in Plateau state.

Research Questions

The following research questions emanated from the above objectives.

1. What is the difference in financial reporting quality before and after the adoption of IPSAS?
2. How can expert implementation of IPSAS enhances timeliness of financial statements of LG in Plateau state?
3. How can expert implementation of IPSAS brought about comparability of financial statements of LG in Plateau state?
4. To what extent can expert implementation of IPSAS affect understandability of financial statements of LG in Plateau state?

Research Hypotheses

H_{01}: There is no significant difference in financial reporting quality before and after the adoption of IPSAS.

H_{02}: Expert implementation of IPSAS will have no significant effect on timeliness of financial statements of LG in Plateau state.

H_{03}: Expert implementation of IPSAS will have no significant effect on comparability of financial statements of LG in Plateau state.

H_{04}: Expert implementation of IPSAS will have no significant effect on understandability of financial statements of LG in Plateau state.

Scope of the Study

Eight (8) Local Government Councils in Plateau state were sampled from the seventeen local government in the state. The selection of Local Government is based on LG revenue categorization approved by the Plateau State house of assembly based on rural local government areas. These LGAs are: Bassa, Barkin-Ladi, Bokkos, Jos

East, Kanke, Kanam, Langtang North, and Langtang South LGA respectively. For the purpose of this study, secondary data relating to timeliness, comparability and understandability were solicited from the published financial statement of the local governments from 2016 to 2022. This year formed the basis of comparation as year 2010 – 2015 formed the year before full implementation of IPSAS and 2016 – 2022 formed the year after the full implementation of IPSAS in all the Local Government.

LITERATURE REVIEW

IPSAS

International Public Sector Accounting Standards (IPSAS) are set of accounting standards issued by the International Public Sector Accounting Standard Board (IPSASB) for the use of public sector entities around the world, excluding Government business enterprise, in the preparation of financial statements. IPSASB traces its origin to 1986 when International financial accounting standard committee (IFAC), the worldwide organization for the accountancy profession established the Public Sector Committee (PSC) as one of its standing committees (Schlachter, 1990).

The objective of PSC was to develop programs for the improvement of public sector financial management and accountability. IPSASs has a role to play in improving the quality of government financial reporting. Despite the work of IPSASB in developing standards and guidance materials, implementation still remains very low, both globally and locally (Ogoun, and Ephibayerin, 2020).

In Nigeria, the commercial organizations are adopting international financial reporting standard (IFRS), while their public counterparts adopt IPSAS. The Federal Executive Council of Nigeria authorized its adoption in July 2010 but it became fully adopted in 2016. While each state was required to decide its own implementation date. Plateau state commenced adoption of cash basis IPSAS in 2016 but this was done in phases as there were not enough capacity for implementation (Alzoubi, 2020). This led to the state training 800 accountants on implementation., The office of the auditor general for local government in Plateau state in conjunction with The Institute of Chartered Accountant of Nigeria (ICAN), also organized a seminar for accountants in Plateau where the importance of adopting IPSAS was emphasized. It was resolved amongst others that the Cash basis should be adopted first and the state will migrate to Accrual basis after a short while (Ball, 2020).

Over time, countries around the world have specified and developed financial reporting requirements in their respective jurisdictions. Globalization, on the other hand, has increased global cooperation, international exchange, and commerce; as a result, there is a pressing need for greater uniformity in the requirements governing financial statements so that they remain understandable and provide the same

information to consumers all over the world. The primary driver of international public sector growth has been the need for unified accounting standards (Bushi, 2019).

Expert Implementation of IPSAS

An expert is someone who has a specific level of skill and experience in a particular field or task. The experts offer unique knowledge and experience, supported by advanced methods and tools of the services provider. Expert Services means consulting, installation, implementation, training, and non-development-related consulting services. Oshiole (2022) argued that there are lack of capacity, expertise and skills within the local governments in the Plateau state, resulting in the LG not implementing accounting policy or guidelines as specifically required by IPSAS. Although this can be costly and requires expert advice and consultancy to support configuration, training of users of IPSAS accounting software in the preparation and presentation of financial reports so as to boost the financial reporting qualities.

According to Cayman (2023), governments often use consultants (experts) and temporary staff to help them achieve certain objectives, and experts in the field of public accounting can equally be consulted. If the experts are well engaged, they can add real value by bringing specialist skills and experience, providing an external or independent viewpoint, identifying new ideas or innovative solutions, managing peaks in workload or staff shortages, and finally helps in the professional preparation of local government accounting reports for the general public usage. The use of consultants and temporary staff may be needed to help transform the business of local governments or allow positive changes to happen. However, Leonard and Ole (2022) argued that if the engagement of expect is based on pollical factor, and not well planned or managed, using consultants and temporary staff will be expensive and this will bring about no significant improvement.

Expert implementation of IPSAS requires government to engage external bodies who are experts (consultants) to responsible for the preparation and presentation of government financial reports, up until when government staff (most especially LG staff) are professionally experience and knowledgeable in all the requirements of IPSAS and in-turn equally becomes experts (ACCA-Think-Ahead, 2023), this will significantly bring about quality financial reporting in the LGs in all the state of Nigeria.

The Public Sector

Public sector consists of agencies or organizations that carry out public policy by providing services and redistributing income and capital, with both operations primarily funded by compulsory taxes or levies on other industries (Dibra, 2023). Governments, as well as all publicly owned, regulated, and/or publicly supported

agencies, corporations, and other government bodies that provide public programs, products, or services, are included (Eginiwin and Dike, 2021). Government interventions in the private sector is the aftermath of the global financial crisis, on the other hand, have raised many governments' exposures and debt levels. As a result, decision-making becomes more difficult, especially if the definition of "sustainable" is elusive. The knowledge that poor public sector accounting, auditing, and financial management can and will contribute to economic crises is not out of perspective (Enofe, Edemenya and Osunbor, 2023).

These statements, however, are not new, particularly to those who work in the private sector in most developed countries. When it comes to failure, the private sector receives a lot of attention, so accounting, auditing, and reporting requirements are set high and strictly followed. Many countries need high-quality public sector reporting for a variety of reasons, one of which is that government-issued financial instruments are a significant part of their financial markets (Eyenubo, Mohamed, and Ali, 2023).

Many developing countries, especially in Africa, are experiencing numerous crises, with government debt levels at dangerously high levels; and it goes without saying that government finances in any country must be carefully controlled. This necessitates the use of high-quality data to make decisions. Annual financial statements that are timely, transparent, and accessible play an important role in a government's accountability to its people and elected officials. These financial statements are compiled using the cash basis of accounting or a combination of it (Jackling, Cooper, Leung, and Dellaportas, 2023).

However, in developed countries, the majority of these financial statements are not prepared in a clear or equivalent manner. Indeed, developing countries need public sector institutional capacity for setting and enforcing public policy, which necessitates government accounting reforms, in order to achieve ambitious socioeconomic goals. The commitment of government accounting reform to development goals, including poverty reduction, is therefore its social benefit. International and multilateral lenders and donors have endorsed the International Public Sector (Ogbonna, 2022). Accounting Standards (IPSAS) for adoption by developed countries based on this rationale. IPSAS can be more useful in government accounting reform in developed countries if it focuses on ensuring financial stability and shifts to accruals.

According to the IASB (2018), corporate governance arose from a desire to increase transparency and accountability in financial reporting to shareholders by listed companies. The Sarbanes-Oxley Act of 2002, enacted in response to corporate governance issues in the United States, mandated that management develop and retain effective internal control structures and procedures for financial reporting (Ogbonna, 2022). The aim of government accounting is to determine how much money was earned and from what sources, how much was expended and for what purposes, and

how much money was owed. Profit is not the primary target, as it is in the private sector, which places profit first and decides the business's profit over time. As a result, several factors affect government accounting, including the government's position in various fields such as the armed forces, health care, and education, as well as the policies implemented by the government to achieve its aspirations and goals.

As a result, government accounting is involved in collecting data that will help her prepare Receipts and Payments reports (Ogbonna, 2022). Even though government operations and accounts in Nigeria have been performed within the general context of fund accounting standards, there is a major problem when it comes to the utter application of the principles to financial reporting, according to Landsman, Maydew and Thornock (2020), following Nigeria's decision to adopt IPSAS in 2014, this study aims to determine the adoption road map in Nigeria.

Financial Reporting Quality

The common indicators such as timeliness, understandability, verifiability and comparability are used by financial reporting stakeholders to assess a firm financial information is the quality of the financial reports contained in the annual reports (Alzoubi, 2020). Financial reporting quality refers to the extent to which financial statements provides information that truthfully represent the financial position and performance of an enterprise (Tang, Chen and Lin, 2016). Jonas and Blanchet (2020), stated that financial reporting is not only a final output but the quality of the process depends on each part, including disclosure of the company's transactions, selection and application of accounting policies information and knowledge of the judgement employed. Financial reporting quality requires companies to voluntarily increase the scope and quality of the information they report, to ensure that market participants are fully informed in order to make informed decisions on investments, credit, etc. (Martinez-Ferrero, 2021). She stated further that high quality financial information encourages greater transparency which eventually reduces information asymmetries and satisfies investors and stakeholders' needs.

According to Landsman, Maydew and Thornock (2020), financial reporting quality is a report that is presented based on the company's condition, which decreases due to the funder's ability to understand accounting. The qualitative characteristics of financial information included in the general-purpose financial reports are the features that make the information useful to users and support the achievement of the objectives of financial reporting (IASB, 2018). These consists of two fundamental qualitative characteristics of relevance and faithful representation and four enhancing or supplementary qualitative characteristics of timeliness, understandability, verifiability and comparability that enhance the usefulness of information that both is relevant and provides a faithful representation of what it purports to represent.

Transparency

There is not a single definition of Transparency, it usually refers to the availability of understandable and reliable information (Landsman, Maydew, and Thornock, 2020). That in a broader sense, suggest considering…'the extent to which all stakeholders have a similar understanding of and access to all required information without loss, noise, delay, or distortion' (Kluvers, and Tippett, 2021).

Accountability

Understanding accountability requires taking into account the context in which this practice takes place (Jonas, et.al., 2020), since cultural and social norms help establish the issues for which society holds officials accountable and the mechanism to do so. Despite the difficulties in defining the term, accountability includes two dimensions: that officials act transparently and openly and that citizens can check government action (Martinez-Ferrero, 2021).

Theoretical Review

Principal-Agency Theory

An Agency problem arises when the principal e.g., citizens can be affected negatively by the agent's (elected officers) decisions because they do not pursue common interests. However, one way to get politicians to act in accordance with voter's interest is to increase transparency and accountability (Jensen and Meckling, 1976), for example by making public financial information available under certain desired characteristics. This would allow the principal to control the agent and reward or punish him as appropriate.

Legitimacy Theory

This theory focuses on how politicians behave in order to legitimize their action (Donaldson and Preston, 1995). Public offici8als are pressured to reveal information in order to clear up any doubt about their management, especially when they can be sanctioned, for example electorally, if they are judged as inefficient or corrupt. Consequently, politicians are more likely to provide inter alia budgetary and financial information along with the reason that would explain why they acted as they did when citizens play an active role in democracy (Freeman, 1984).

It is necessary to control for some variables that can affect transparency and accountability. Identification of those factors, for the purpose of this paper, may be based on what princip0al-agent and legitimacy theories suggest.

MATERIALS AND METHODS

Research Design

This study used both primary and secondary data (qualitative and quantitative approach). Exploratory research design and expo facto design were adopted in this

seminar paper. The purpose of using exploratory research design was to ensure that first-hand information was retrieved from the party concerned, while expo facto design was to collect detailed and factual information that describes the research topic and assists in confirming findings from the questionnaire.

Population of the Study

Eight (8) Local Government Councils in Plateau state formed the unit of study. The selection of Local Government is based on LG revenue categorization approved by the Plateau State house of assembly. The population of the study is 102 accountants, being staff of the 8 LGA that are directly responsible for the preparation of the final accounts. Table 1 below shows the number of accountants from the eight (8) Local Government Councils.

Table 1 Population of the Study

SN	LGA	Finance Officers	Accountants	Experts	Total Population	Sample Size
1	Bassa	5	7	2	14	12
2	Barkin-Ladi	4	8	2	14	12
3	Bokkos	4	7	2	13	11
4	Jos East	4	7	2	13	11
5	Kanke	3	7	2	12	10
6	Kanam	3	7	2	12	10
7	Langtang North	3	7	2	12	10
8	Langtang South	3	7	2	12	10
					102	86

Source: Researcher's Computation (2023).

Sample Size Determination

Literature suggests various guidelines on sample size determination. Notably, the commonly used approaches are by Yamene (1970) and Krejcie and Morgan (1970). Since the study has a population of 103, Krejcie and Morgan (1970; 2010) sample size selection table was employed to generate the study sample size. The table is developed based on the model, $s = X^2 N P (1-P) \div d^2 (N-1) + X^2 P (1-P)$ where ***(s)*** is the required sample size, ***(N)*** is the population size, ***(X^2)*** the table value of chi square for 1 degree of freedom at the desired confidence level (3.841), ***(P)*** is the population proportion (assumed to be 0.50 since this would provide the maximum sample size) and ***(d)*** is the

accuracy/tolerable error expressed as a proportion (0.05 =5%). Hence, using Krejcie and Morgan (1970; 2010), the sample size for this study is 86 respondents.
The sample size was determined according to the population of each professional accountants in the respective Local Government Area as shown in Table 1 above.

Sources of Data

Structured questionnaire was administered to the professional accountants being the staff of the Local Government Area under study, these are people that are saddled with the responsibility for the preparation of financial statement for the Local Governments. For the purpose of this study secondary data relating to timeliness, comparability and understandability were solicited from the published financial statement of the local governments from 2010 to 2021. This year formed the basis of comparation as year 2010 – 2015 formed the year before full implementation of IPSAS and 2016 – 2022 formed the year after the full implementation of IPSAS in all the Local Government.
Secondary data was used to test hypotheses 1 to 4 respectively, while primary data was used as confirmatory analysis. The essence of the primary data was to confirm findings from the secondary data. This implies that if the respondents agreed that they prepare financial statement timely, the researcher thereafter picked the financial statement to confirm if the financial statement was truly prepared on time, vis a vis.

Validity and Reliability test

For internal consistency, Cronbach's alpha coefficients was used because it is regarded as a suitable measure of reliability. The basic question on the mind of scholars is whether or not the instrument(s) measure accurately what it is meant to measure? Wanous and Reichers delineate validity into content, criterion-based, and construct validity modes. To establish this, the following validity tests were conducted in the pilot study: Face validity Content: that is whether content cover the concept correctly; and Construct (Convergent, i.e. whether common items loaded together and Discriminant, i.e. variables dully separated). These are discussed in details
The instruments (questionnaire) were designed on a 5-point Likert scale (1= not relevant, 2 = somewhat relevant, 3 = quite relevant, 4 = relevant, 5 = very relevant). To evaluate the relevance and suitability of the measurement items. After developing the instruments, it was issued out to ten (10) experts who include: researchers, professional accountants, practitioners, consultants and psychometrics. Expert evaluation was used to rate the instruments and modified based on their comments and their comments will be incorporated in the final questionnaire.
Table 2 shows the results reflecting Content Validity Index (CVI) for the questionnaire all above 0.7 taken as acceptable basing on Sekaran (2003).

Table 2 CVI for Questionnaire

Variable	Experts										Mean CVI
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	
Timeliness	0.9	0.8	0.7	0.8	0.8	0.7	0.7	0.9	0.7	0.6	**0.76**
Comparability	0.7	0.8	0.8	0.7	0.8	0.6	0.6	0.7	0.8	0.7	**0.72**
Understandability	0.9	0.8	0.8	0.8	0.7	0.8	0.8	0.9	0.7	0.8	**0.80**

Source: Researchers Field Survey (2023)

Reliability

Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials. After the development of the questionnaire, a pilot study was conducted using the opinion of experts which comprises of 10 professional accountants at one of the local governments (Jos South and North) which were picked at random. The main rationale behind the preliminary study was to assess the clarity and relevance of the items in the instrument. Cronbach Alpha technique was used to determine the reliability of the question. More so, Cronbach Alpha measures internal consistency among a group of items combined to form a single scale. It is a reflection of how well the different items complement each other in their measurement of different aspects of the same variable or quality and it interpret like a correlation coefficient. Qquestionnaires is considered reliable if the Cronbach Alpha coefficient is greater than 0.70. This is in line with the rules of thumb for the Cronbach alpha: >.9 is Excellent, >.8 is Good, >.7 is Acceptable, >.6 is Questionable, >.5 is Poor, and <.5 is Unacceptable. As could be seen in the table 2 below, all the variables have Cronbach's alpha coefficient above 0.7. Thus, confirming reliability of the instrument for the study.

Table 2 Reliability Test

Variable	Cronhach alpha (α)	Scale
Timeliness	0.754	1 – 5
Comparability	0.874	1 – 5
Understandability	0.794	1 – 5

Source: Researchers Field Survey (2023)

Method of Data Analysis

Descriptive and inferential statistics were used to determine the sample characteristics. Independent t-test was used to test hypothesis one, while a Logit Binary Regression

Model (LBRM) using Statistical Product and Service Solution (formally known as Statistical Packages for Social Sciences – SPSS) version 25 of IBM was employed for data analysis.

Variables Used for the Study

The following are the variables used for analysis:

Dependent Variables

For the purpose of this study, the following are the dependent variables for the study:

Timeliness – if published within specified time and as required by IPSAS, it will be ranked "1", otherwise, it will be ranked "0", which will imply that IPSAS does not improve timeliness.

Understandability – if the preparers of financial information classified, characterised and presented the information as required by IPSAS, it will be ranked "1", otherwise, it will be ranked "0", which will imply that IPSAS does not improve understandability.

Comparability – Since the main objective of IPSAS is to promote universal standards in the preparation of account, hence, the financial statement of similar Local Government will be compared. If the financial statement of the Local Governments meets the comparability requirements, it will be ranked "1", otherwise, it will be ranked "0", which will imply that IPSAS does not improve comparability.

Independent Variables

IPSAS: Period before adoption of IPSAS will be ranked "0"

IPSAS: Period after adoption of IPSAS will be ranked "1"

Model Specification

Independent t-test for Hypothesis One

Group 1 = Reporting quality before the adoption of IPSAS (Timeliness, Comparability, and Understandability).

Group 2 = Financial reporting quality after the Adoption of IPSAS (Timeliness, Comparability, and Understandability).

Logit Binary Regression Model for Hypotheses Two to Four

Mathematical Model Expression:

FRQ = f(IPSAS) + e.

Where:

FRQ = Financial Reporting Quality – proxied by timeliness; understandability; and comparability of financial reports of LGA in Plateau State.

IPSAS = Expert Implementation of International Public-Sector Accounting Standards.

Formula for Logit Binary regression model:

$$L = ln\left[\frac{Pi}{1-Pi}\right] = \beta_0 X_i$$

Where:

L = Logit Regression

ln = Log

Pi = IPSAS – Financial statements preparation is timely; understandable; and comparable in LGA of Plateau State

1 – Pi = IPSAS – Financial statements preparation are not timely; understandable; and comparable in LGA of Plateau State

β = Beta

X = Financial Reporting Quality

The decision rule is to accept H_0: if and only if the P value is lower than 0.05, otherwise, accept H1.

RESULTS AND DISCUSSION

Out of the targeted sample size of 86, those who responded to the administered questionnaire were 84. The high response rate (97.7%) is attributed to fact that a personal (self-administered) approach was employed in collecting data. More so, the researcher maintained useful contacts with the respondents, which were instrumental in identifying the relevant sampled respondents and maintaining good relationships with them, which yielded excellent response rates. Table 3 summarizes the response rate:

Table 3: Response Rate

	No. of respondents	Percentage
Questionnaires Issued	86	100
Responses Received	84	97.7%
Responses Discarded	1	1.19%
Responses Used	83	98.1%

Source: Researcher's Questionnaire, (2023).

Data Entry, Editing, Diagnostic tests and Analysis

After retrieving the questionnaires from the respondents, they were sorted to identify the usable ones. As stated earlier, out of the 86 questionnaires administered to the respondents, 84 usable ones were returned. The returned hand delivery questionnaires were serialised from 1-84 on top each questionnaire before entering the data into SPSS software. Similarly, one (1) questionnaire with a substantial number of items (for example 1.19%) left unanswered were discarded.

Table 4 Skewness and Kurtosis Results

	Timeliness	Comparability	Understandability
N	83	83	83
Mean	3.1008	4.2353	4.3070
Min	3.02	2.96	3.44
Max	6.00	6.00	6.00
Variance	.536	.461	.250
Std. Deviation	.72218	.61916	.58018
Skewness	.240	.328	-.235
Std. Error of Skewness	.86	.86	.86
Kurtosis	.498	.924	-.551
Std. Error of Kurtosis	.300	.300	.300

Source: Field survey, (2023).

Table 5 K-S and S-W Tests of Normality

Variable	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Timeliness	.120	83	.200	.954	83	.368
Comparability	.053	83	.134	.988	83	.097
Understandability	.104	83	.200	.967	83	.515

Lilliefors Significance Correction. This is a lower bound of the true significance
Source: Field survey (2023).

Multi-collinearity: This is where three or more independent variables are highly correlated. The objective of conducting the test is to establish the Variance Inflation Factors (VIF) and the Tolerance (being the reciprocal of VIF) values. If the multi-collinearity problem is detected, it can be resolved by deleting the offending. To screen for multi-collinearity, Variance Inflation Factor (VIF) and tolerance level were examined through regression results from the SPSS. The general rule of the cut-off points is that the VIF and the tolerance values should not exceed 5 and supposed not to be less than 0.10, respectively (Hair et al., 2019). After conducting the test, the data conform to both assumptions (Table 5) meaning that the data is qualified for further statistical tests.

Table 6: Multi-collinearity Results

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	.775	.305		2.543	.012		
Timeliness	.160	.070	.187	2.276	.024	.365	2.740
Comparability	.115	.074	.110	1.563	.020	.498	2.427

Unutterability	.133	.077	.122	1.743	.015	.475	2.211

a. DEpendent Variable: Financial reporting quality

Source: Field survey, (2023).

KMO and Bartlett's sphericity test

To evaluate the feasibility of the study, the Kaiser-Meyer-Olkin sampling adequacy index and Bartlett's sphericity test were conducted; both methods suggested the existence of an acceptable inter correlation considering the criteria suggested by George and Mallery (2019). The Maximum extraction method was performed because it best reproduces the population values when the data has normal, multivariate distribution and the statistical significance of the extracted factors can be calculated Martinez (2017). The results for all the five variables show the KMO values are above 0.7 (table 7). This implies that the items in our questionnaire correlate well with other items within their respective clusters to measure the underlying dimension, hence, adequate to continue with further analysis.

Table 7: KMO and Bartlett's Results

Variable	KMO	Bartlett's test			No of factors
		χ^2	df	Sig	
Timeliness	0.934	600.823	15	.000	2
Comparability	0.936	898.198	21	.000	2
Understandability	0.977	794.361	21	.000	2

Source: Field survey, (2023).

Table 8: Primary Data Analysis in Mean Likert-Scale Measures

	Constructs	Mean
	IPSAS and Timeliness of Financial Statement of LG	
TFS 1.	Expert implementation of IPSAS has brought about timely preparation and presentation of financial reports by LG.	3.74
TFS 2.	The preparer of financial statements is compelled by IPSAS to ensure that audited financial reports are presented within the time frame.	3.69
TFS 3.	The format suggested by Expert implementation of IPSAS has brought about timely preparation and presentation of financial reports by LG.	3.94
TFS 4.	Expert implementation of IPSAS has significant effect on timeliness of financial statements of LG in Plateau state.	3.74
	Average: IPSAS and Timeliness of Financial Statement of LG	3.78

	IPSAS and Comparability of Financial Statement of LG	
CFS 1.	The financial statement of different LG can be easy compared.	3.54
CFS 2.	The formats suggested by Expert implementation of IPSAS has brought about comparability of financial reports by LG.	3.74
CFS 3.	Expert implementation of IPSAS has reduced variation in the financial statements of LG significantly.	3.65
CFS 4.	Expert implementation of IPSAS has significant effect on comparability of financial statements of LG in Plateau state.	3.98
	Average: IPSAS and Comparability of Financial Statement of LG	3.73
	IPSAS and Understandability of Financial Statement of LG	
UFS 1.	The financial statement of different LG can be easy compared.	3.45
UFS 2.	The formats suggested by Expert implementation of IPSAS has brought about comparability of financial reports by LG.	3.65
UFS 3.	Expert implementation of IPSAS has reduced variation in the financial statements of LG significantly.	3.15
UFS 4.	Expert implementation of IPSAS has significant effect on comparability of financial statements of LG in Plateau state.	3.68
	Average: IPSAS and Understandability of Financial Statement of LG	3.48
	Re-assessing the fundamental objectives of IPSAS	
IPS 1.	All over the Local Government Councils, Expert implementation of IPSAS has brought about ***TIMELY*** preparation and presentation of public financial statement.	3.64
IPS 2.	Local Governments that has adopted IPSAS prepares and present ***UNDERSTANDABLE*** public financial statements.	3.74
IPS 3.	Expert implementation of IPSAS has brought about ***COMPARABLE*** public financial statement.	3.65
IPS 4.	IPSAS ensures ***RELEVANT*** information are presented to the users of the account.	3.55
	Average: Re-assessing the fundamental objectives of IPSAS	3.65

Table 8 shows findings arisen from primary data in mean Likert-scale measures. The table revealed that the average of IPSAS and Timeliness of Financial Statement of LG is 3.78 which implies that most of the respondents agreed that IPSAS plays an important role in enhancing timeliness of financial statements. The average IPSAS and comparability of financial Statement of LG is 3.73, meaning that the opinion of the respondents is similar pointing to the fact that Expert implementation of IPSAS has brought about comparability of financial Statement of LG. The table further shows that Expert implementation of IPSAS has brought about high understandability of financial Statement of LG (3.48). Lastly, the opinion of the respondents revealed that Expert implementation of IPSAS has brought about timeliness, understandability and

comparability and relevancy of financial statement of local government since the adoption of IPSAS (3.65).

Test of Hypotheses

H_{01}: There is no significant difference in financial reporting quality before and after the adoption of IPSAS.

Table 9 Group Statistics: Test of difference between financial reporting quality before and after the adoption of IPSAS

	N	Mean	Std. Deviation	Std. Error Mean
Financial reporting quality before the adoption of IPSAS	83	4.0227	.99974	.8672
Financial reporting quality after the adoption of IPSAS	83	45093	1.20753	.22423

Source: SPSS Version 25, (2023).

Table 9 shows the Summary of Group Statistics for Hypothesis One, testing for difference in financial reporting quality before and after the adoption of IPSAS. In summary, the result shows that the mean difference in financial reporting quality before and after the adoption of IPSAS which is 4.02 (before) and 4.51 (after) respectively. Table 10 shows the Independent Samples Test revealing the significant difference in financial reporting quality before and after the adoption of IPSAS. The table shows that at 0.05 level of significance, although there is difference between the mean, however, the mean is not significant different, hence, there is no significant difference in financial reporting quality before and after the adoption of IPSAS.

Table 10: Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
								95% Confidence Interval	
	F	Sig.	T	Df	Sig. (2-tailed)	Mean Difference	Std. Errorof the Difference	Lower	Upper
Equal variances assumed	.301	.078	4.669	3	.0712	45735.52	97954.84	68324.18	23147.85
Equal variances not assumed			4.669	3	.0642	45735.52	97954.84	68473.34	22998.69

Source: SPSS Version 25, (2023).

The Independent t-test compares the means of two independent groups in order to determine whether there is statistical evidence that the variable means (financial reporting quality before and after the adoption of IPSAS) are not statistically different. The output in the Independent Test table 10 includes two rows: Equal variances assumed and Equal variances not assumed. If Levene's test indicates that the variances are equal across the two groups (i.e., *p*-value large), we will rely on the first row of output, Equal variances assumed, otherwise, we assume no equal variance. From table 8, the p (sig.) value is .078 which is slightly higher than 0.05, the researcher hereby assumes no equal variance among variable. This simply mean that there is no clear difference between in financial reporting quality before and after the adoption of IPSAS.

Decision

Since the p value is less than 0.05 (0.078 > 0.05), the researcher hereby fail to reject the null hypothesis and conclude that there is no statically established difference in financial reporting quality before and after the adoption of IPSAS.

Hypotheses Two to Four

H_{02}: Expert implementation of IPSAS will have no significant effect on timeliness of financial statements of LG in Plateau state.

H_{03}: Expert implementation of IPSAS will have no significant effect on comparability of financial statements of LG in Plateau state.

H_{04}: Expert implementation of IPSAS will have no significant effect on understandability of financial statements of LG in Plateau state.

Table 11 Model Summary

Step	-2 Log likelihood	Cox and Snell R Square	Nagelkerke R Square
1	-44.124[a]	.797	.774

a. Estimation terminated at iteration number 7 because parameter estimates changed by less than .001.

Source: SPSS 25 Output

Table 12 Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)
Timeliness	3.141	3.212	2.211	4	.001	34.111
Comparability	4.141	3.221	3.321	4	.001	15.214
Understandability	2.251	2.011	6.341	4	.009	5.214

Constant	6.141	22.117	5.141	4	.001	7.321

a. Variable(s) entered on step 1

Source: SPSS 25 Output

The study revealed that expert implementation of IPSAS can results to timeliness, comparability and understandability (financial reporting quality) up to 80% (.787), while The *Nagelkerke* indicated that expert implementation of IPSAS account for about 77% of financial reporting quality.

Table 12 revealed that there is positive relationship between expert implementation of IPSAS and financial reporting quality. The table revealed that expert implementation of IPSAS will have significant effect on financial reporting quality, the p-value (0.001, 0.001, and 0.009) is less than the significant level of 0.05. The decision rule is that if the p-value is less than the level of significance of 0.05. The result in the table 12 shows that the p-value is less than the level of significance of 0.05. Therefore, expert implementation of IPSAS can contribute significantly towards financial reporting quality.

Discussion of Findings Arisen from Primary and Secondary Data

Findings from the study revealed that expert implementation of IPSAS can bring about timely preparation and presentation of financial reports by LG; the preparers of public financial statements are compelled by IPSAS to ensure that audited financial reports are presented within the time frame, although this has not been the case so far, however, with engagement of experts, there is huge possibility that the objective of IPSAS (that audited financial reports are presented within the time frame) will be attained. Opinion of respondents shows that the format suggested by IPSAS through expert implementation of will bring about timely preparation and presentation of financial reports by LG. These findings are in line with findings from Oshiole (2022) in relation to timeliness, which argued that although IPSAS has brought about positive improvement to the timeliness of financial reporting in the public sector, however, this study further build on this finding by submitting that expert implementation of IPSAS will bring about significant improvement in prompt preparation and presentation of public financial statements.

Findings from the study shows that the financial statement of different LG can only be slightly compared; formats recommended by IPSAS has not been fully employed, many of the LG still uses the old formats of account preparation which they are used to over the decades, hence the need of experts, and this will bring about perfect comparability of financial reports by LG, and this will reduce the variation in the financial statements of LG significantly. These findings are supported by findings submitted by Leonard and Ole (2022).

Findings from the study further revealed that expert implementation of IPSAS will bring about more understandability of content of the financial statement of local governments in Plateau state.

Findings from this study is in line with study conducted by Enofe, et.al., (2023) who asserted that proper knowledge arisen from IPSAS of public sector accounting, auditing, and financial management can and will contribute significantly to the financial statement of public sectors if properly implemented by professionals. Similarly, Eyenubo, et.al., (2023) concluded that many countries need high-quality public-sector professionals to enhance quality financial. Jackling, et.al., (2023) also agreed with the findings of this study and asserts that annual financial statements that will be timely, transparent, and accessible if professionals in the field of IPSAS are engaged with utmost commitment and this will in-turn enhance the important role in a government's accountability to its people and elected officials.

CONCLUSION

This study revealed that:

1. There is no statistically significant difference in financial reporting quality before and after the adoption of IPSAS in some LG in Plateau state.
2. Expert implementation of IPSAS will enhance timeliness of financial statements of LG in Plateau state.
3. Expert implementation of IPSAS will significantly affect comparability of financial statements of LG in Plateau state.
4. Expert implementation of IPSAS will significantly enhance understandability of financial statements of LG in Plateau state.

This study concluded that before and after the adoption of IPSAS, the financial statements of local governments are not yet fully comparable, timely and understandable, however, if experts are engaged in the preparation and presentation of LG financial reports, the financial reporting quality in respect to timeliness, comparable, and understandable will be enhanced significantly.

Following the findings, the listed recommendations are made:

1. All the local government councils in Plateau state and in extension the entire nation, should strictly adhere to all the guideline as provided by IPSAS policies.
2. Efforts should be put in place by ensuring that the 80% contribution of IPSAS to financial reporting quality is attained. This will be made possible if experts are engaged in training and retraining of personnel that are responsible for the preparation of accounts.

3. To enhance timeliness of accounts, auditor general should ensure prompt audit and signage of final accounts.

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