

ASSESSMENT OF THE LEVEL OF AWARENESS AND ADOPTION OF INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS) IN THE CURRICULUM OF ACCOUNTING EDUCATION IN SELECTED TERTIARY INSTITUTIONS IN ONDO AND EKITI STATES NIGERIA

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ABSTRACT

Over the years, the medium through which government financial statements are prepared has been on cash basis of accounting. This basis was characterised with some shortcomings ranging from non- disclosure of quality and detail information relating to government financial transactions, ill informed assessment of government resource allocation, weak internal control system that inhibits accountability and transparency and non- standardisation of reporting ethics for the purpose of comparability. The emergence of international public sector accounting standards (IPSAS) is therefore seen as leverage as it aims at improving the quality of general purpose financial reporting by public sector entities thereby increasing transparency and accountability. IPSAS is a new concept that all institutions must fully adopts. The crux of this paper is to find out to what extent is the awareness and adoption of IPSAS to both students and lecturers in terms of teaching, learning and inclusion in the curriculum of accounting education. The methodology involved the use of well designed questionnaires to obtain information from some selected institutions and the analysis was done with the use of maximum likelihood ordered probit regression. The result of the analysis shows that despite a high level of sensitisation/awareness of IPSAS, the degree of adoption is still low due to low level of desirability by students and lecturers. The paper recommend the need for the government to enact an enabling law to back up the adoption and more importantly to institute appropriate sanctions to ensure full compliance.

Keywords: Assessment, Awareness, Adoption, IPSAS, Cash basis.

INTRODUCTION

For the past decades the debate on public sector accounting and the issue of financial reporting in Nigeria has being a topical issue which has been on the increase. The adoption and implementation of International Standards by the Nigerian Public Sector in 2010 stem from the need to align its financial reporting with a more comparative and transparent mode or reporting at the international level. Over the years the Nigerian public sector adopted the cash basis of accounting system to record and prepares its financial statements. This basis though easy to use, recognized revenue and expenditure only when they are realized and was criticised on the basis that it leads to waste, inefficiency, poor service delivery, overspending, lack of accountability and transparency (Ofoegbu, 2014). Government officials in Nigeria are not responsible for their decisions and actions. Corrupt practices thrives, government businesses are not transacted in a transparent manner, financial reports are not prepared to meet global requirements and budgets are prepared using cash basis of accounting. The Nigerian government introduced and adopted the IFRS and the cash basis of IPSAS in 2010 and aimed to adopt fully the accrual basis of IPSAS in the year 2014 now shifted to 2015 with the aim that this will ensure transparency and accountability in the public sector in Nigeria (Baba, 2013). The Ondo State Government followed suit in 2013, at a sensitization workshop, and announced the adoption of International Public Sector Accounting Standard

(IPSAS) accrual basis from 2013 to bring to fore accountability and transparency and to prepare and present a globally accepted financial statement (Punch, 2013). This belief will bring new ways of reporting and communicating financial information in an acceptable manner.

LITERATURE REVIEW

The issue of public sector accountability and financial probity in government and government-related entities has continued to attract divergent opinion and public discourse. Bergman (2009) solicits for greater government financial accountability and transparency through an articulated public sector accounting framework and public sector standards. While the near global financial crises in recent times called for a review of public sector framework and other issues of measurements in financial reporting in the public sector accounting, others have called for total overhaul of the standards settings (Ryan, 1998). International Public Sector Accounting Standards (IPSASs) is a centerpiece of the global revolution in government accounting and recommendations made by the International Public Sector Accounting Standard Board (IPSASB) are accepted for accounting for funds provided under the World Bank program, International Monetary Funds and other global financial institutions.

Chukwedo(2014) Stated that the development of the IPSAS has its origins in the accounting profession as a way to improve the transparency and accountability of governments and their agencies by improving and standardizing financial reporting. From the inception up till today, IPSAS Board has issued 32 standards.

The International Public Sector Accounting Standards Board (IPSASB) develops accounting standards for public sector entities referred to as International Public Sector Accounting Standards (IPSASs). The IPSASB is among the four independent standard-setting boards of International Federation of Accountants (IFAC). IFAC is a global organization for the accountancy profession dedicated to serving the public interest by strengthening the profession and contribution to the development of strong international economies. It was founded in 1977; IFAC is comprised of 173 members and associates in 129 countries and jurisdictions which include Nigeria.

OBJECTIVE OF THE IPSASB

The objective of the IPSASB is to serve the public interest by developing high-quality accounting standards and other publications for use by public sector entities around the world in the preparation of general purpose financial reports. This is intended to enhance the quality and transparency of public sector financial reporting by providing better information for public sector financial management and decision making. In pursuit of this objective, the IPSASB supports the convergence of international and national public sector accounting standards and the convergence of accounting and statistical bases of its standards and other publications. In fulfilling its objectives, the IPSASB develops and issues the following publications:

- i. IPSASs as the standards to be applied in the preparation of general purpose financial reports of public sector entities .
- ii. Recommended Practice Guidelines (RPGs) to provide guidance on good practice that public sector entities are encouraged to follow.

- iii. Studies to provide advice on financial reporting issues in the public sector .they are based on study of the good practices and most effective methods for dealing with the issues being addressed.
- iv. Other papers and research reports to provide information that contributes to the body of knowledge about public sector financial reporting issues and developments. They are aimed at providing new information or fresh insight and generally result from research activities such as: literature searches, questionnaire surveys, interviews, experiments, case studies and analysis.

Requirements for Implementing IPSAS

The followings are the requirements for successful implementation of IPSAS:

- i. Adoption of detailed and accurate Budget Codes and Chart of Accounts for all the elements of the accounting equation, revenue and expenditure line items.
- ii. Double-entry accounting recording system should be operational in all government and government related entities.
- iii. Each IPSAS (Standard) should be accurately translated into specific policies and procedures.
- iv. Above all, there should be high-level government support for the implementation of IPSAS by the State Government.

MATERIAL AND METHODS

The aim of this study is to find out the level of awareness and the degree of adoption and teaching of International Public Sector Accounting Standard (IPSAS) in tertiary institutions in Ondo and Ekiti State of Nigeria. The research was a case study, survey design while the analysis follows the empirical analytical design. Data were sourced from Lecturers and Students of tertiary institutions in the selected areas using a well designed questionnaire. Three major institutions were targated and sample drawn from each. These are Universities, Polytechnics and Colleges of Education. The design of the questionnaire follows the limited information dependent variable technique. That is the qualitative responses of respondents were quantified using the polychotomous variable method under the following scales:

<i>Strongly Agree</i>	= 5
<i>Agree</i>	= 4
<i>Undecided</i>	= 3
<i>Disagree</i>	= 2
<i>Strongly Disagree</i>	= 1

There are two sections in the questionnaire. Section A is the distribution of respondents by general characteristics. Section B has 15 questions fashioned toward achieving the objectives of the study. The objectives are, sensitization of IPSAS, desirability and adoption of IPSAS in tertiary institution. Six questions were raised to determine the level of sensitization and awareness of the program; four questions were raised to assess the desirability of the program among students and Lecturer, and: five questions were raised to determine the degree of adoption of the new program.

181 questionnaires are viable out of the 200 retrieved from the field survey. The analysis is divided into both descriptive and empirical analysis. The descriptive analysis employs the use of tables, percentages and charts to describe the characteristics of the responses in the questionnaire. The empirical analyses employed the Ordered Probit regression of the

Maximum likelihood technique to determine the contribution of sensitization and desirability to the degree of adoption of IPSAS.

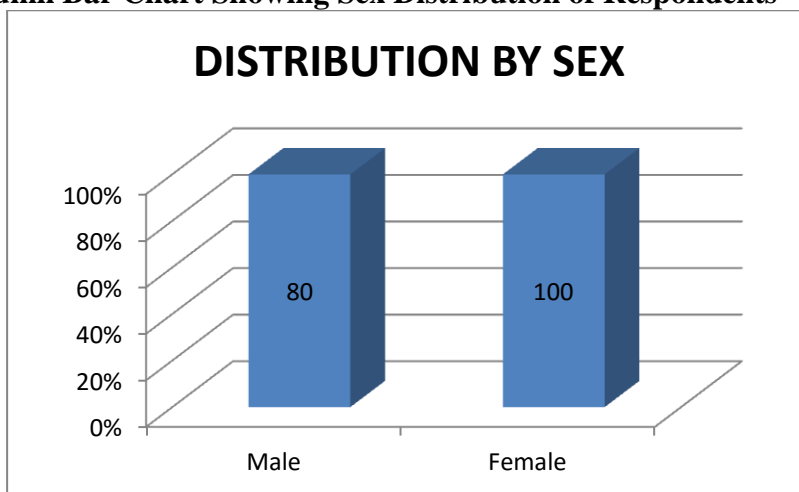
DATA ANALYSIS AND RESULTS

SECTION A: ANALYSIS OF THE DISTRIBUTION OF RESPONDENTS

Table 1: DISTRBUTION OF RESPONDENTS BY SEX

	Frequency	Percentage
Male	80	44.4
Female	100	55.6
Total	180	100

Figure 1: Column Bar Chart Showing Sex Distribution of Respondents



A look at Table 1 and Figure 1 shows that the majority of the respondents are female (55.6%) while 44.4% are females.

Table 2: DISTRBUTION OF RESPONDENT BY INSTITUITON

Institution	Frequency	Percentage
University	155	85.6
Polytechnic	24	13.3
College of Educ.	2	1.1
Total	181	100

Figure 2: Bar Chart Showing Institution Distribution of Respondents

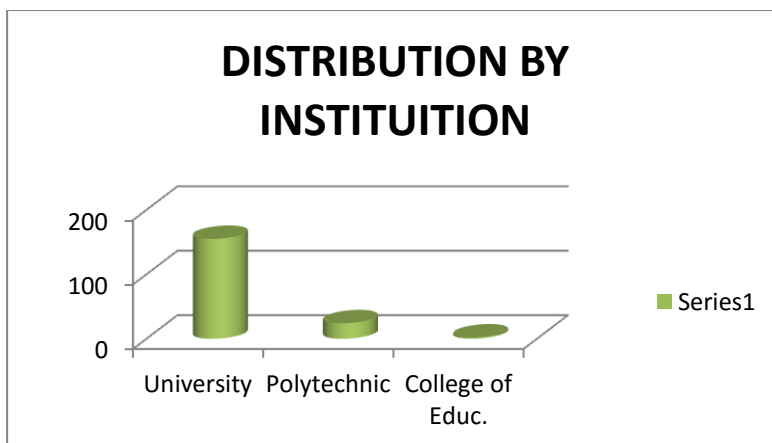


Table 2 and Figure 2 show that the majority of the respondents (85.6%) were sampled from Universities. Reason being that, there are ten public tertiary institutions in the selected states, out of which five are Universities. 13.3% of the respondents were sampled from Polytechnics, 3 while 1.1% of the respondents were sampled from Colleges of education.

Table 3: DISTRIBUTION OF RESPONDENTS BY STATUS

Status	Frequency	Percentage
Lecturer	14	7.7
Student	167	92.3
Total	181	100

Table 3 and Figure 3 show the distribution of respondents by status. 92.3% of the respondents are students, while only 7.7% are Lecturers due to the large population of students compared to Lecturers.

Figure 3: Bar Chart Showing Status of Respondents

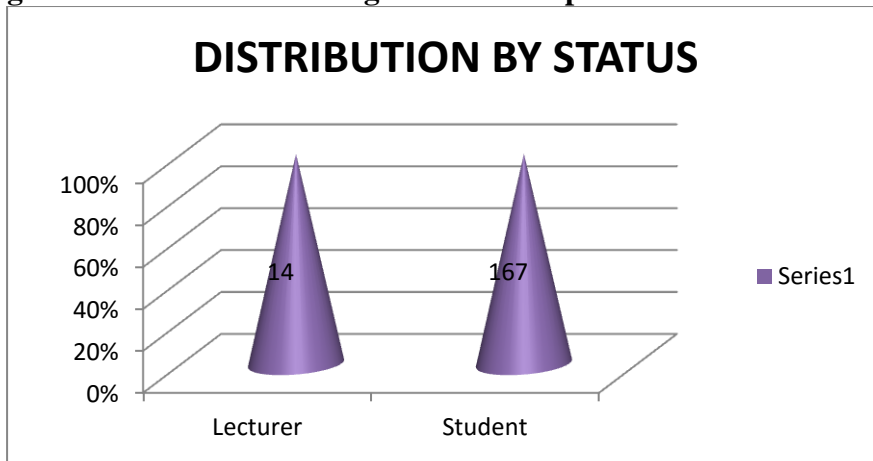
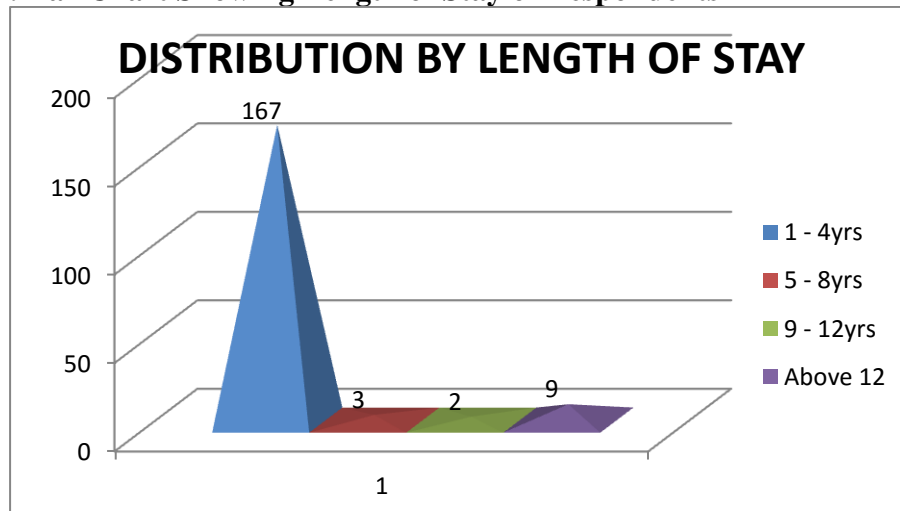


Table 4: DISTRIBUTION OF RESPONDENTS BY LENGTH OF STAY IN INSTITUTION

Column1	1 - 4yrs	5 - 8yrs	9 - 12yrs	Above 12	Total
Frequency	167	3	2	9	181
Percentage	92.3	1.7	1.1	4.9	100

Figure 4: Bar Chart Showing Length of Stay of Respondents

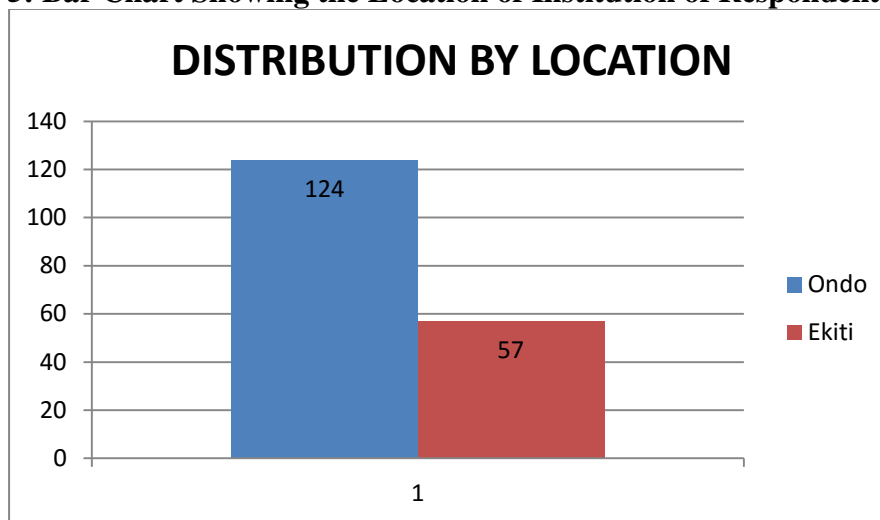


In Table 4 and Figure 4 it is clear that (92.3%) of the respondents have been in the institution for four years and less. This also corresponds to the number of students, as Accounting degree programs are within 4 years. 9 Lecturers have stayed above 12 years in their respective institutions.

Table 5: DISTRIBUTION OF RESPONDENTS BY LOCATION OF INSTITUTION

Column1	Ondo	Ekiti	Total
Frequency	124	57	181
Percentage	68.5	31.5	100

Figure 5: Bar Chart Showing the Location of Institution of Respondents



From Table 5 and Figure 5 we observe that 68.5% of the respondents are located in tertiary institutions in Ondo State, while 31.5% are from Ekiti State. This is so because out of the five public Universities sampled, three are located in Ondo State. All the analyses of the respondents point attention to the fact that the sample for this study is unbiased and normally distributed.

SECTION B: DESCRIPTIVE ANALYSIS OF RESPONSES

This section shows the analysis of all response in the questionnaire. If all 181 respondents strongly agree to each item the highest score is 905, while if they all strongly disagree the lowest score will be 181.

Table 6: AWARENESS AND SENSITIZATION ON IPSAS (Questions 1 to 6 See the Appendix)

ITEM	Q1	Q2	Q3	Q4	Q5	Q6	Average
SCORE	724	710	739	584	839	783	729.8
%	80	78.5	81.7	64.5	92.7	86.5	80.6

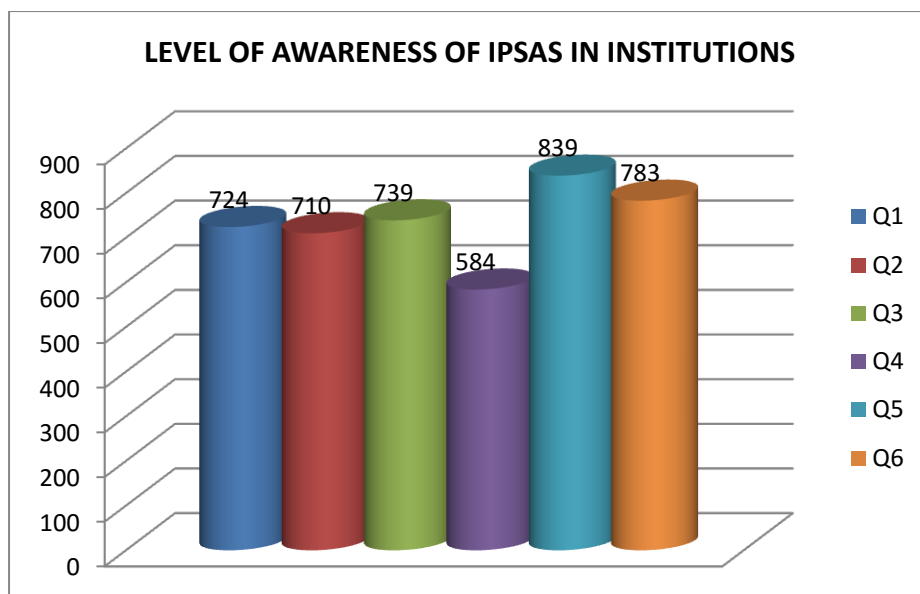


Figure 6

Table 7: LEVEL OF DESIRABILITY OF IPSAS AMONG RESPONDENTS (QUESTION 7 – 10)

ITEM	Q7	Q8	Q9	Q10	Average
SCORE	763	785	793	798	523.2
%	84.31	86.74	87.62	88.18	57.8

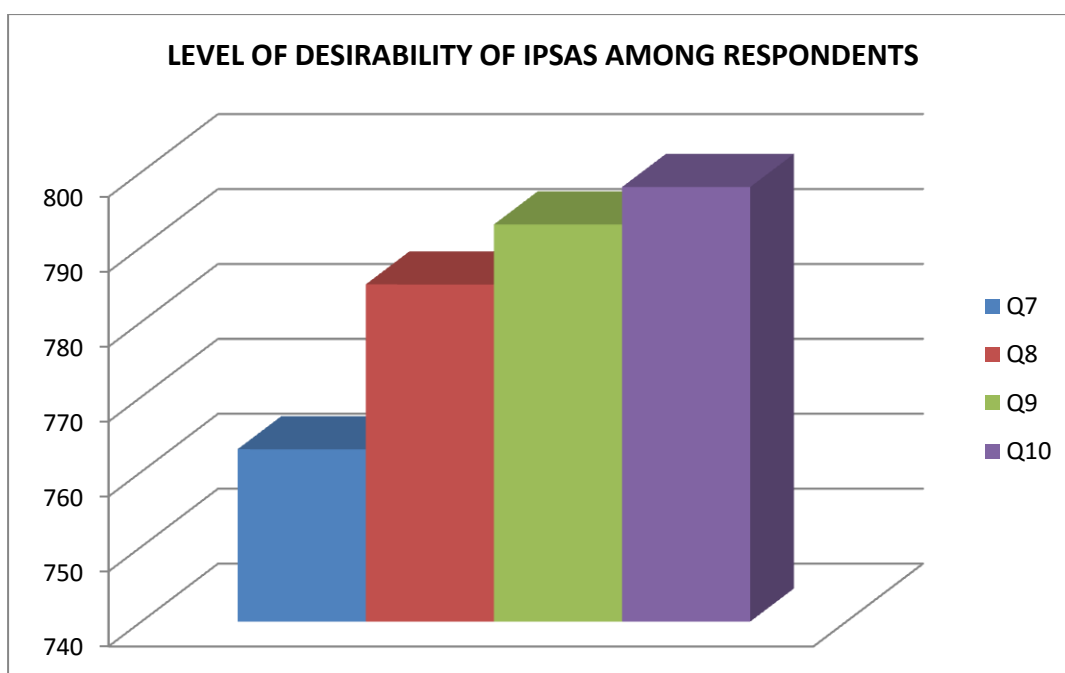


Figure 7

Table 8: DEGREE OF ADOPTION OF IPSAS (QUESTIONS 11 – 15)

ITEM	Q11	Q12	Q13	Q14	Q15	Average
SCORE	555	522	659	561	807	517.3
%	61.3	57.7	72.8	62.0	89.2	57.2

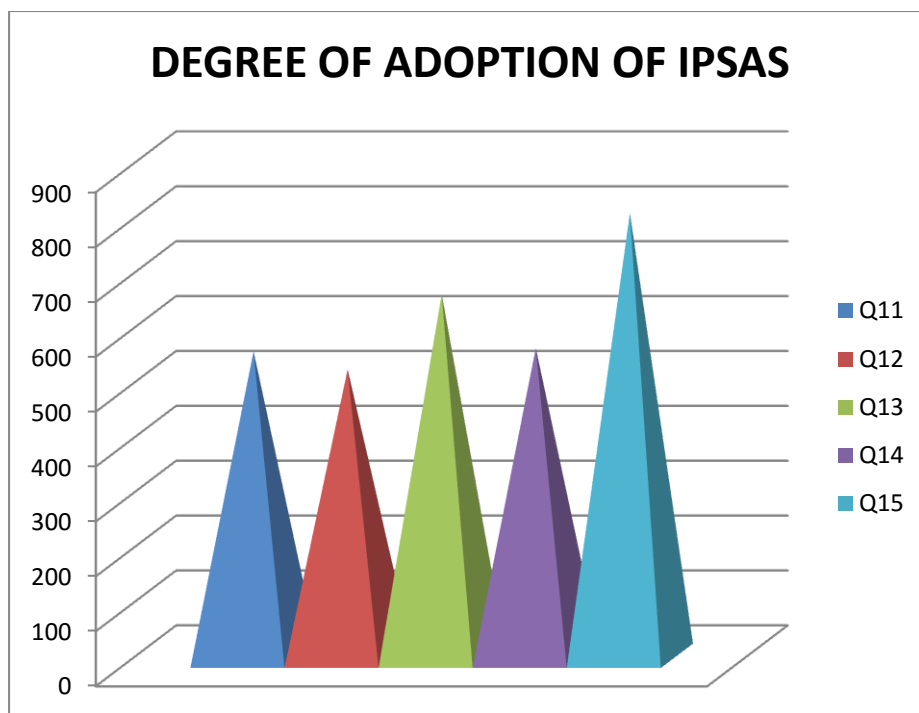


Figure 8

TABLE 9a: SUMMARY OF IPSAS IMPLEMENTATION

	DEGREE
AWARENESS/SENSITITATION	80.6
DESIRABILITY	57.8
ADOPTION	57.2

Table 9a and figure 9a summarizes the level of implementation of IPSAS. The degree of awareness or sensitization is 80.6, averagely high, but the degree of desirability of the system among the respondents is low, 57.8, so also the adoption. Probably the system has not been proved to be more effective than past accounting standards.

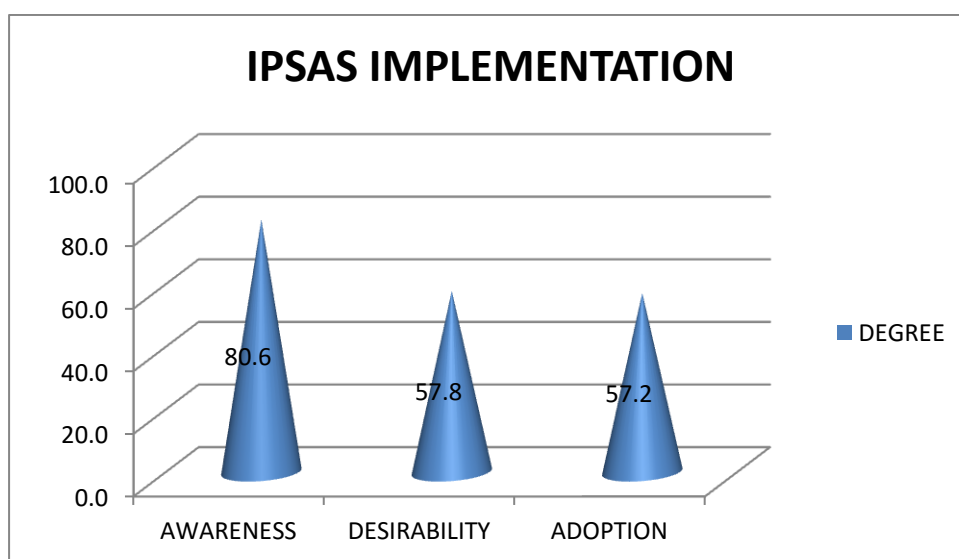


Figure 9a

EMPIRICAL ANALYSIS OF RESPONSES IMPLEMENTATION OF IPSAS

The empirical analysis here is to investigate the marginal contributions of awareness, desirability on the level of adoption of IPSAS in tertiary institutions. All responses in the questionnaire are categorized under three major factors which are: awareness or sensitization of respondents, desirability of IPSAS among respondents and the level of adoption of IPSAS. Data for this variable was generated as the pooled order of all responses under section B of the questionnaire. The study uses the method of Maximum Likelihood Ordered Probit Regression to analyze the relationship. This is because the scoring of the responses in the questionnaire follows the Likert scale. It should be noted that the value of the variables does not matter in qualitative regression, what matters is the ordering. The relationship between adoption of IPSAS, its level of sensitization (SENS) and desirability (DESR) is expressed in the following model

$$IPSAS = \beta_0 + \beta_1 SENS + \beta_2 DESR + \varepsilon \dots (1)$$

The result of the analysis is presented in Table 9b.

Table 9b: Ordered Probit Regression

Dependent Variable: IPSAS				
Method: ML - Ordered Probit (Quadratic hill climbing)				
Variable	Coefficient	Std. Error	z-Statistic	Prob.
STZ	0.018354	0.027917	0.65746	0.5109
DSR	0.08903*	0.034113	2.609828	0.0091
Pseudo R-squared	0.008574	Akaike info criterion		5.377934
Schwarz criterion	5.696017	Log likelihood		-468.703
Hannan-Quinn criter.	5.506892	Restr. log likelihood		-472.757
LR statistic	8.107039	Avg. log likelihood		-2.58952
Prob(LR statistic)	0.017361			

*significant at 1%; **significant at 5%; ***significant at 10%.

CONCLUSION

The result in Table 9b shows that all the factors are positively related to IPSAS adoption. The log likelihood is very low signifying that the two variables jointly impact the dependent variable. This is confirmed by the probability which is 0.017, significant at 5%. The coefficient of sensitization, STZ, is not significant while the coefficient of desirability, DSR, is highly significant at 1%. The implication of this is that the low level of adoption of IPSAS in the selected case study is as a result of the low desirability of the system by the students and Lecturers. A look at figure 9a supports this. While the degree of desirability is 57.8, the degree of adoption is 57.2 despite the high level of sensitization. The value of the coefficients in Table 9b, however, measures the log of odds in support of adoption of IPSAS. That is the probability that IPSAS will be adopted; given that the desirability of the program is improved is 0.09. The LR statistic shows that both the level of sensitization and the degree of desirability jointly explained the low degree of adoption of IPSAS.

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