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Adoption of International Public Sector Accounting Standards and Financial Reporting Quality in Universities in Rivers State

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ABSTRACT: In spite of the adoption of International Public Sector Accounting Standards (IPSAS) in Nigeria, it appears that significant progress has not been made by public sector organisations in its implementation. The purpose of this study was to investigate the extent to which the adoption of IPSAS has influenced financial reporting quality in universities in Rivers State. Cross sectional survey research design was used for the study and the area of the study was Rivers State, Nigeria. The population of the study was 37 senior Accounting Personnel from the three universities studied. The entire population of 37 was used as sample, hence census was employed for the study. The instrument used for the collection of data was a self-structured questionnaire developed using a four-point rating scale of Very High Extent, High Extent, Moderate Extent and Low Extent. The instrument was validated by two Business Educators and one Measurement and Evaluation expert, all from the Faculty of Education, Rivers State University. The reliability of the instrument was determined using the test re-test method; this was done through the Pearson Product Moment Correlation Coefficient (PPMCC) and a reliability coefficient of 0.96 was obtained. Data was analysed using mean and standard deviation while the hypothesis was tested using one-way Analysis of Variance. Based on the results of the study, it was found that the adoption of international public sector accounting standards has influenced financial reporting quality in universities in Rivers State albeit to a moderate extent. The study further found that there was significant difference in the mean score of Senior Accounting Personnel in the three universities on the extent to which financial performance, financial position and cash flow standards have influenced financial reporting quality in universities in Rivers State. The study concludes that universities in Rivers State are still at an elementary stage of the adoption of IPSAS in the preparation of financial statements and as such the quality of their financial statements cannot be reasonably assured. One recommendation made, amongst others, was that Accounting Personnel of universities in Rivers State, especially those handling Final Accounts, should be made to undergo thorough training on IPSAS to enhance their financial reporting skills; the training should be practical and not theory-based and experts who have been involved in the successful implementation of IPSAS should champion the process.

KEYWORDS: Adoption, Public Sector, International Public Sector Accounting Standards, Financial Reporting Quality

INTRODUCTION

Financial reports are the end-products of a series of activities undertaken by an entity (whether private or public, profit making or not-for-profit making) to recognize, measure, present and disclose information pertaining to the economic activities and events that took place in the entity at a given period in time or over a period of time. They are used to communicate information about the resources of an entity, the claims against those resources, the cash flows as well as changes in an entity's economic resources and claims. Hence, financial reports are the tools for communicating information about the financial performance, financial position, cash flows and changes in net assets of an entity and assist economic decision makers in making informed decisions regarding an entity's profitability (or performance), financial position, liquidity, solvency as well as assessing the efficiency and effectiveness with which an entity has managed its resources. To enhance their quality and make them useful for decision making, financial reports are often prepared in accordance with Generally Accepted Accounting Practice (GAAP) which are often embodied in accounting standards developed by recognized standards-setting organisations such as the International Accounting Standards Board (IASB), the International Public Sector Accounting Standards Board (IPSASB) as well as accounting regulatory authorities in various jurisdictions across the world.

While the International Accounting Standards Board develops accounting standards for use in the preparation and presentation of the financial statements of private sector or profit-oriented entities, the International Public Sector Accounting Standards Board develops accounting standards for use in the preparation and presentation of the financial statements of public sector or not-for-profit organisations. The set of accounting standards developed for use in the preparation of the financial reports of public sector or not-for-profit organisations are referred to as the International Public Sector Accounting Standards (IPSAS). IPSAS contain requirements dealing with transactions and other events in general purpose financial reports which are intended to meet the financial information needs of users who are not in a position to demand the preparation of financial reports that are tailored to meet their specific information needs (International Federation of Accountants, 2022).

IPSAS serve as the criteria for the preparation of financial statements in the public sector of many jurisdictions across the world and are designed to improve the quality of general purpose financial reporting by public sector entities, leading to better informed assessments of the resource allocation decisions made by governments, thereby increasing transparency and accountability (International Federation of Accountants, 2022; Federal Republic of Nigeria, 2014). Financial reporting quality describes the attributes of financial reports that make them useful to economic decision makers and support the achievement of financial reporting objectives which, primarily, are to provide information useful for accountability and decision-making purposes (International Federation of Accountants, 2022; Chartered Financial Analyst Institute, 2024). Financial reporting quality often take the form of relevance, faithful representation, understandability, timeliness, comparability and verifiability.

Nigeria embraced IPSAS in 2010 following the directive given to the Federation Accounts Allocation Committee (FAAC) by the Federal Executive Council headed by President Goodluck Jonathan (the President at that time). Acting on the directive of the Federal Executive Council, the FAAC, in conjunction with the Office of the Accountant General of the Federation (OAGF), in its meeting held on June 13, 2011, developed a road map for the adoption of IPSAS in the three tiers of government and other public sector organisations in Nigeria. According to the road map for the adoption of IPSAS in Nigeria, public sector entities were required to adopt the cash basis IPSAS in 2014, as a first step in the implementation of IPSAS, and the accrual basis IPSAS in 2016 (Federal Republic of Nigeria, 2014). However, in spite of the adoption of IPSAS, it appears that significant progress, to the best of the researcher's knowledge, has not been made by public sector organisations in Nigeria, especially government-owned universities, in the implementation of IPSAS. This brings to question the reliability of the financial reports prepared by government-owned universities.

It is also worthy to note that, even though a number of studies have been undertaken by academics and researchers on IPSAS and financial reporting quality, there seem to be no empirical evidence on the extent to which the adoption of IPSAS in financial reporting has influenced financial reporting quality in universities, with particular reference to universities in Rivers State. Most of the studies reviewed simply examined the nexus between IPSAS and financial reporting quality without investigating the degree to which the adoption of IPSAS has enhanced financial reporting quality. Furthermore, majority of the studies, in the Nigerian context, did not investigate, on a comparative basis, the extent to which public sector entities, and universities in particular, have implemented IPSAS with a view to achieving financial reporting quality. Thus, the primary aim of this study was to investigate the extent to which the adoption of IPSAS has influenced financial reporting quality in universities in Rivers State.

Review of Conceptual and Empirical Literature

Understanding International Public Sector Accounting Standards

IPSAS are high quality accounting standards developed and published by the International Public Sector Accounting Standards Board (IPSASB), an independent standards setting body established by the International Federation of Accountants (IFAC). IPSAS are primarily designed for public sector entities which: are responsible for the delivery of services to benefit the public and/or redistribute income and wealth; mainly finance their activities by means of taxes or transfers (or both) from other levels of government, social contributions, debt and fees; and do not have a primary objective to make profits (IFAC, 2022). IPSAS apply to the accrual basis of accounting as well as the cash basis of accounting; however, emphasis in this study is on the accrual basis IPSAS. While the accrual basis of accounting recognises the effects of transactions and other events when they occur (and not as cash or its equivalent is received or paid) and as such the transactions and events are recorded in the accounting records and reported in the financial statements of the periods to which they relate, the cash basis of accounting recognises the effects of transactions and other events when cash or its equivalent is received or paid (IFAC, 2022; BPP Learning Media, 2016; Deloitte, 2024, 2022). IPSAS prepared using the accrual basis of accounting, are the public sector equivalent of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

IPSAS contain criteria for the recognition, measurement, derecognition, presentation and disclosure of economic events and other transactions pertaining to a government entity (and where applicable a not-for-profit organization) in the financial statements.

Recognition is the process of incorporating in the financial statements an item that meets the definition of an element of the financial statements and satisfies two major criteria which are: (1) it is probable that any future economic benefit associated with the item will flow to or from the entity, and (2) the item has a cost or value that can be measured with reliability (IFAC, 2022; BPP Learning Media, 2016). Recognition often involves an assessment of uncertainty related to the existence and measurement of the element (IFAC, 2022; BPP Learning Media, 2016). Measurement is the process of determining the monetary amounts at which the elements of the financial statements are to be recognised and carried in the statement of financial position and statement of financial performance; it involves the selection of a particular basis of measurement (IFAC, 2022; BPP Learning Media, 2016). Derecognition is the process of evaluating whether changes have occurred since the previous reporting date which warrant removing an item that has been previously recognized from the financial statements, and removing the item if such changes have occurred (IFAC, 2022; BPP Learning Media, 2016). Presentation entails the selection, location and organization of information that is reported in the financial statements and aims at providing information that contributes towards the objectives of financial reporting and achieving the qualitative characteristics while taking into account the constraints on information included in the financial statements (IFAC, 2022).

IPSAS are developed and published for use in the preparation of general purpose financial statements of government entities other than Government Business Enterprises (GBEs). A Government Business Enterprise is an entity that has all the following characteristics: (1) It is an entity with the power to contract in its own name; (2) It has been assigned the financial and operational authority to carry on a business; (3) it sells goods and services, in the normal course of its business, to other entities at a profit or full cost recovery; (4) It is not reliant on continuing government funding to be a going concern (other than purchases of outputs at arm's length); and

(5) It is controlled by a public sector entity (IFAC, 2022). GBEs adopt international financial reporting standards. In terms of structure, each IPSAS contains an introduction, an objective (or objectives), scope, definitions, recognition criterion (or criteria), measurement basis (or bases), disclosure requirements, transitional provisions as well as effective date. Currently there are forty two (42) IPSASs in issue, covering a broad spectrum of financial reporting issues as they affect the public sector, which have gained global acceptance. The forty two IPSASs contain requirements for reporting, presenting and disclosing information on the financial performance, financial position and cash flows of government entities as well as budgeting in the public sector and related matters.

Financial Reporting Quality

The primary purpose of financial reporting is to provide information that is useful to a wide range of decision makers in assessing the financial performance, financial position, changes in net assets and cash flows of the reporting entity. In a market economy, financial reporting: (1) reduces information asymmetry and enables capital providers to value businesses, thereby fostering the transparency that is necessary for an efficient capital market operation; and (2) enables external capital suppliers to assess management performance (Ahmed, M. S., Alaa, M. S., Alhamzah, F. A. & Saleh, F. A. K, 2022). Hence, in terms of accounting information, financial reporting plays both valuation role and stewardship role. For a set of financial reports to be useful for decision making, they must meet certain qualitative characteristics. Qualitative characteristics are the attributes of financial reports that enhance their decision-usefulness and apply to both financial and non-financial information (Financial Accounting Standards Board, 2021; IFAC, 2022). Hence, financial reporting quality is often explained in terms of the value relevance of financial reports to the decision making needs of various users and is measured with reference to variables such as relevance, faithful representation, understandability, timeliness, comparability and verifiability. While relevance and faithful representation are considered the fundamental or primary qualitative characteristics of financial reporting, understandability, timeliness, comparability and verifiability are referred to as enhancing or secondary characteristics of financial reports (Financial Accounting Standards Board, 2021; IFAC, 2022; BPP Learning Media, 2016). In this study, relevance and faithful representation are used as the measures of financial reporting quality since they are fundamental to the assessment of the extent to which users of financial statements are able to make decisions using financial reports.

Relevance: This is a measure of the extent to which financial and non-financial information are capable of making a difference in the achievement of the objectives of financial reporting (Financial Accounting Standards Board, 2010; IFAC, 2022, 2013; BPP Learning Media, 2016). For a financial and non-financial information to be capable of making a difference, it must have confirmatory or predictive value or both. When a financial or non-financial information confirms or changes past or present expectations (that is, it provides feedback about previous evaluations), it is said to have confirmatory value and when it provides evidence about an entity's anticipated future service delivery activities, objectives and costs as well as the amount and sources of the resources that are intended to be allocated to providing services in the future, it is said to have predictive value (Financial Accounting Standards Board, 2010; IFAC, 2022, 2013; BPP Learning Media, 2016). While the confirmatory and predictive values of financial and non-financial information are interrelated, they are often affected by their nature and materiality. Nature describes the characteristic of the information while materiality is the extent to which an omission or misstatement of information could influence decisions made by users on the basis of the financial information of a reporting entity.

Faithful Representation: This describes the ability of financial and non-financial information to depict the economic or other phenomena it purports to represent, both in words and numbers. For faithful representation to be attained, the depiction of the economic or other phenomena must be complete, neutral and free from error and should reflect the economic substance of transactions captured in the financial reports and not merely their legal forms (Financial Accounting Standards Board, 2010; IFAC, 2022, 2013; BPP Learning Media, 2016). A complete depiction of information provides all necessary descriptions and explanations and as such does not omit information about an economic or other phenomenon required for users understanding of the phenomenon being depicted. A neutral depiction of an economic event or other phenomena is free from bias and implies and that the selection and presentation of financial and non-financial information is not made with the motive of achieving a particular predetermined outcome thereby influencing the users' assessment of the entity's fulfilment of its obligation related to accountability or induce a particular behavior (Financial Accounting Standards Board, 2010; IFAC, 2022, 2013; BPP Learning Media, 2016). Faithful representation is free from error when there no material irregularities associated with the depiction of the economic or other phenomenon; it also implies that the process described in producing the reported information have been followed as described.

Understandability: This reflects the extent to which information is clear, consistent and comprehensive and not subject to significantly different interpretation. It is the quality of information that enables users to comprehend its meaning. To enhance understandability, information should be classified, characterized and presented clearly and concisely and the entity should take into account the needs and knowledge base of users as well as the nature of the information presented (Financial Accounting Standards Board, 2010; IFAC, 2022, 2013; BPP Learning Media, 2016). To enhance the quality of financial reports all efforts should be made to represent economic and other phenomena in a manner that is understandable to a wide range of users irrespective of any complexity and difficulty that an entity may encounter in representing some economic and other phenomena in the financial statements. Thus, an entity should not exclude information in the financial statements on the ground that, without assistance, it may be too complex or difficult for some users to understand.

Timeliness: This means making information available to the users in time so that decisions can be appropriately influenced. Timeliness requires presenting and disclosing information to users as soon as possible so that it does not lose its capacity to be useful for accountability and decision-making purposes (Financial Accounting Standards Board, 2010; IFAC, 2022, 2013; BPP Learning Media, 2016). In striving for timeliness of information, consideration should be given to the balance between timeliness and reliability of information since providing information on a timely basis when all aspects of a transaction are not known may render the information incomplete and susceptible to error and as such unreliable while waiting for every detail of a transaction before providing information about that transaction may make the information less useful, irrelevant and unsuitable for decision making.

Comparability: The quality of information can be assessed with reference to the ease with which it can be compared with similar information about a reporting entity for another period or another date or with similar information about other entities. The attribute of information that enables users to identify and understand similarities in, and differences between, two sets of phenomena is referred to as comparability (Financial Accounting Standards Board, 2010; IFAC, 2022, 2013; BPP Learning Media, 2016). The comparability attribute of information enables users to evaluate the relationship between two or more items of information; hence, comparability enhances the usefulness of information.

Verifiability: This the attribute of information that enables different knowledgeable and independent observers to reach general consensus that the information represents the economic and other phenomena that it purports to represent without material error or bias or that an appropriate recognition, measurement or representation method has been applied without material error or bias (Financial Accounting Standards Board, 2010; IFAC, 2022, 2013; BPP Learning Media, 2016). Verifiability does not mean that complete agreement must be reached by observers but it assists users in determining whether information in general purpose financial reports faithfully represent the economic or other phenomenon that it purports to represent.

Empirical Evidence on IPSAS and Financial Reporting Quality

To ascertain the difference in financial reporting quality before and after the adoption of IPSAS and determine how IPSAS enhances timeliness, comparability and understandability of financial statements of local governments in Lagos state, Abata and Suara

(2022) employed the ex-post facto research design and independent t-test and log-it binary regression analysis to study the relationship between IPSAS and financial reporting quality. The study indicated that before the adoption of IPSAS, the financial statements of local governments in Lagos state were not comparable, timely and understandable; but, following the adoption of IPSAS, the financial reporting quality of local governments with respect to timeliness, comparability and understandability improved. However, the study did not establish the extent to which the adoption of IPSAS has influenced financed financial reporting quality.

In consideration of the importance of financial reporting quality in enhancing decision making by financial statements users, Opanyi (2016) investigated the effect of adoption of IPSAS on financial reporting quality by studying the nineteen (19) ministries of the national government of Kenya. The study which was a secondary data research adopted the descriptive survey research design. Data analysis was effected through t-test statistic and the results indicated that adoption of IPSAS has enhanced comparability, relevance, timeliness and faithful representation but has not enhanced understandability of financial reports. The study concluded that statistically significant difference exist between old accounting standard-based financial reports and IPSAS-based financial reports in meeting the criteria for decision usefulness. The study recommended that the government of Kenya should move towards gradually applying accrual basis IPSAS standards instead of the current cash basis IPSAS being adopted. The study did not establish how IPSAS was measured neither did it indicated the extent to which IPSAS has enhanced financial reporting quality.

Studies carried out by Olaru (2023); Beredugo (2021); John, Ofem and Nwankwo (2023); Udeh and Sopekan (2015); as well as Olayinka, Okoye, Modebe and Olaoye (2016) to establish the relationship between adoption of IPSAS and financial reporting quality indicate that a significant relationship exist between IPSAS adoption and financial reporting qualities. These studies adopted the descriptive survey research design. While the conclusion of each of the studies provide evidence that the adoption IPSAS enhances the qualitative characteristics of financial reporting, none of the studies showed the degree to which IPSAS adoption has enhanced financial reporting quality.

In another study, Alkhanbbaz and Suresh (2023) investigated the impact of the adoption of IPSAS on the relevance of financial information in the public sector of India. The study adopted the survey research design and data analysis was effected through the Spearman correlation statistics. The study found that a positive relationship exist between the adoption of IPSAS and relevance of financial information in India and concluded that the adoption of IPSAS promotes the relevance of financial information in the Indian public sector. No recommendation was made at the end of the study.

Using data obtained through questionnaire administered to fifty accountants in ten ministries in Ado-Ekiti in Nigeria, Olaoye and Talabi (2018) carried out a study on IPSAS and credibility of financial reporting in the Nigerian public sector to determine how IPSAS is applied in the public sector and its economic benefits. The study which adopted the survey research design used the ordinary least square data analysis technique. The results of the study indicate that there is no relationship between the application of IPSAS in financial reporting and economic benefits to Nigeria and that a positive relationship exist between IPSAS and credibility of financial reporting undertaken using accrual basis of accounting. The study concludes that adoption IPSAS has not really brought any improvement to the Nigerian government and the public in terms of its economic benefits. The researchers recommended that government should put in place an enabling legislative framework that will aid the smooth implementation of IPSAS in Nigeria.

In a related study, Toyemi, Sunday and Ibitoye (2022) considered the effect of IPSAS on accountability and transparency selected states in Nigeria. The study adopted the cross sectional research design and was carried out in Kogi, Kwara and Niger States using Federal and State Ministries, Departments and Agencies (MDAs). Stratfied samling technique was used and data analysis was effected through the Mann-Whitnet-U test. The study found that the implementation of IPSAS has positive effect on accountability and transparency as well as the relevance of financial reports. One of the recommendations made in the study was that accounting bodies, including the Institute of Chartered Accountants of Nigeria (ICAN), Association of National Accountants of Nigeria (ANAN), and Financial Reporting Council (FRC) of Nigeria, should be empowered to form a consortium to monitor the level of implementation of IPSAS in the states to ensure uniformity in the level of implementation.

In a study to determine the effect of IPSAS on the disclosure of financial information in the public sector in Edo State, examine the impact of IPSAS on transparency and accountability in financial reporting in the public sector in Edo State and evaluate the influence of IPSAS on the comparability of financial reporting in the public sector in Edo State, Enyinna, Eke and Ajabor (2023) adopted the survey research design to obtain data from two hundred and eight (208) chartered accountants working in various Ministries and Agencies in Edo State. Data were analysed using descriptive and inferential statistics and the hypotheses were tested using Pearson Chi-Square. The results of the study indicates that IPSAS has a significant impact on the disclosure of financial information, transparency, and accountability in public sector financial reporting in Edo State and that IPSAS has a significant influence on the comparability of financial reports; hence, the study concludes that IPSAS has a substantial impact on public sector financial reporting in Edo State, Nigeria. One of the recommendations made in the study was that the adoption of IPSAS should be sustained, annual financial reports should be published in a timely manner and made accessible through the internet.

The review of empirical literature reveals that most of the studies carried out to establish the impact of IPSAS on financial reporting quality indicates that IPSAS has a positive impact on financial reporting but did not establish the extent to which IPSAS has influenced financial reporting quality especially in the Nigerian context. Almost all the studies reviewed did not explicitly indicate how IPSAS was measured. This study is justified because it measures IPSAS with reference to financial position standards, financial performance standards and the cash flow standard (IPSAS 2) and shows empirically the extent to which IPSAS has influenced financial reporting quality (measured using relevance and faithful representation) in universities in Rivers State

METHODOLOGY

The cross sectional survey research design was adopted in this study since variables that are independent and non-manipulable were investigated and given the fact that the study was a primary data research involving the use of questionnaire for data collection. The area of this study was Rivers State, Nigeria and the population of the study was thirty seven (37) senior Accounting Personnel of the Rivers State University, Ignatius Ajuru University of Education and University of Port Harcourt, who were involved in the preparation of financial statements, comprising three (3) Bursars, sixteen (16) Deputy Bursars and eighteen (18) Chief Accountants. Since the population was small and manageable, the thirty seven Accounting Personnel of the three universities constituted the sample of the study; hence, a census of the population was undertaken.

The instrument used for data collection for this study was a self-structured questionnaire titled "Adoption of International Public Sector Accounting Standards and Financial Reporting Quality (AIPSASFRQ)." The instrument was validated with respect to structure and content by two Business Educators and one Measurement and Evaluation expert all in the Faculty of Education, Rivers State University, Port Harcourt. The reliability of the instrument was tested using the test re-test method; this was achieved by initially administering the questionnaire to twelve (12) Accounting Staff in the Bursary Department of the Port Harcourt Polytechnic, Rivers State. The instrument were administered and re-administered for coefficient value within a week interval. The Pearson Product Moment Correlation Coefficient (PPMCC) statistic was used to determine the reliability of the instrument and a reliability index of 0.96 was obtained. .

Copies of the instrument were administered to the respondents by hand (face to face contact) and retrieval was also by hand, for ease of administration and retrieval of the instrument. Thirty seven (37) copies of the instrument were administered and thirty five (35) copies, representing ninety five percent retrieval rate, were retrieved. Descriptive data analysis for this study was effected through the use of mean and standard deviation. Weights were assigned to the questionnaire based on a four-point (4) rating scale of Very High Extent (4), High Extent (3), Moderate Extent (2), and Low Extent (1). The expected mean of the questionnaire responses was 2.50 obtained by dividing the sum of the weights of the response options by the total number (that is, 4+3+2+1÷4). The hypotheses formulated were tested at five percent (0.05) level of significance using One-Way Analysis of Variance (1-Way ANOVA) statistic with the aid of the Statistical Package for Social Science Research (SPSS, version 20).

The decision rule was to accept the hypothesis if the calculated value of F (F-calculated) was less than the critical value of F (F-critical) and to reject the hypothesis if the calculated value of F was greater than the critical value. Furthermore, in determining the acceptability or otherwise of the hypothesis, consideration was given to the p-value; hence, if the calculated p-value was greater than the level of significance of 0.05 (that is $p>0.05$), the hypothesis was accepted, otherwise it was rejected.

RESULTS

Data obtained during the course of this study were analysed descriptively using mean and standard deviation, based on the major research question posed; the hypothesis was also tested and decision was made as to the acceptance or rejection of the hypothesis.

RESEARCH QUESTION

To what extent has the adoption of IPSAS influenced financial reporting quality in universities in Rivers State?

Mean and Standard Deviation on the Extent to which the Adoption of IPSAS has influenced Financial Reporting Quality in Universities in Rivers State.

	Minimum	Maximum	Mean	Std. Deviation	Remark
Financial Performance Standards and Financial Reporting Quality	1.00	3.00	1.65	.48	Moderate Extent
Financial Position Standards and Financial Reporting Quality	1.00	3.00	1.67	.51	Moderate Extent
Cash Flow Standard and Financial Reporting Quality	1.00	3.00	1.44	.44	Moderate Extent
Grand Mean/SD			**1.58**	**0.48**	**Moderate Extent**

Source: Field Survey, 2024.

The analysis presented in Table 1 suggests that a majority of the Accounting Personnel that filled the questionnaire were of the view that the adoption of financial performance standards has influenced financial reporting quality in universities in Rivers State. The result indicates that each of the universities investigated refer to the National Chart of Accounts and has an accounting manual which they utilize in the preparation of the statement of financial performance. The grand mean of 1.65 obtained for financial performance standards is less than the expected mean of 2.5 by 0.85 indicating that, the adoption of financial performance standards has influenced financial reporting quality in universities in Rivers State only to a moderate extent.

The analysis also shows that almost all the respondents were in agreement that the universities studied adopt the cost model in the measurement of property, plant and equipment as required by IPSAS 17 and that all assets are depreciated using the straight line method. However, the results indicate that inventories are not properly valued at the lower of cost and net realizable value in accordance with IPSAS 12. The mean of 1.67 for financial position standards is less than the expected mean by 0.82 (that is, 2.5 minus 1.67) and as such indicates that the adoption of financial position standards, to a moderate extent, has influenced financial reporting quality in universities in Rivers State.

Furthermore, the data shows that the mean, in respect of the cash flow standard, for each of the questionnaire items, across the three universities, is less than the expected mean of 2.5 and reflects the fact that each of the universities investigated prepares cash flow statement without proper adherence to the requirements of IPSAS 2 (which is the ultimate standard for the preparation of cash flow statement). The grand mean of 1.44 obtained is less than the expected mean by 0.76 (that is, 2.5 minus 1.44) indicating that the adoption of cash flow standard, to a moderate extent, influence financial reporting quality in universities in Rivers State.

Test of Hypothesis

Hypothesis

There is no significant difference in the mean response scores of Accounting Personnel in Rivers State University, Ignatius Ajuru University of Education and University of Port Harcourt on the extent to which the adoption of IPSAS has influenced financial reporting quality in universities in Rivers State.

ANOVA Result on the Extent to which IPSAS has influenced Financial Reporting Quality in Universities in Rivers State.

Source of Variation		Sum of Squares	df	Mean Square	F-Cal.	F-crit.	Sig.	Decision
Financial Performance Standards and Financial Reporting Quality	Between Groups	4 .685	7	0.669	6.416	2.4	0.000	Rejected
	Within Groups	2.817	27	0.104				
	Total	7.502	34					
Financial Position Standards and Financial Reporting Quality	Between Groups	5.040	7	0.720	4.966	2.4	0.001	Rejected
	Within Groups	3.915	27	0.145				
	Total	8.955	34					
Cash Flow Standard and Financial Reporting Quality	Between Groups	2.625	7	0.375	13.234	2.4	0.000	Rejected
	Within Groups	0.765	27	0.028				
	Total	3.390	34					

Source: Field Survey, 2024.

Table 2 shows the calculated value of F in respect of the difference in the mean response scores of Accounting Personnel in Rivers State University, Ignatius Ajuru University of Education and University of Port Harcourt on the extent to which financial performance and position standards as well as cash flow standard influence financial reporting quality in universities in Rivers State. The calculated value of F for the three measures of IPSAS (6.416 for financial performance standards, 4.966 for financial position standards and 13.234 for cash flow standard) at degrees of freedom of 7 and 27, and 0.05 level of significance, is greater than the critical value of F which, in each case, is 2.4; while the calculated value of p (0.000, 0.001 and 0.000 respectively) is less than the level of significance of 0.05. These results suggest that there is significant difference in the mean response scores of Accounting Personnel in Rivers State University, Ignatius Ajuru University of Education and University of Port Harcourt on the extent to which the adoption of IPSAS has influenced financial reporting quality in universities in Rivers State. Hence, the hypothesis, stated in the null form is rejected.

DISCUSSION OF FINDINGS

The results of this study indicate that public universities in Rivers State are still at a very elementary stage in the adoption of IPSAS. The research evidence shows that the three universities investigated do not to a reasonable extent recognize revenue in accordance with IPSAS 9 and 23 neither do they, to a reasonable extent, prepare a statement showing a comparison of budget and actual amounts in accordance with IPSAS 24. The results, however, indicate that the three universities make reference to the National Chart of Accounts in the preparation of the statement of financial performance and that each of the universities utilize an accounting manual in the recognition, measurement, presentation and disclosure of transactions. The results also revealed that the three universities investigated prepare statement of financial position but without due regard to IPSAS 1, IPSAS 3, IPSAS 14, IPSAS 17 and IPSAS 19 which are essential in the preparation of the statement of financial position. While there are indications that each university recognizes assets in the statement of financial position when it is probable that future economic benefit or service potentials associated with an item will flow to the university and when the cost of the item can be reliably measured and that the cost model, to a reasonable extent, is adopted in the measurement of property, plant and equipment which are depreciated using the straight line method, there seem to be no tangible evidence of proper adherence to the requirements of the applicable IPSASs. The results further revealed that inventories are not properly valued at the lower of cost and net realizable value as required by IPSAS 12 and that when the cash flow statement is prepared, it is not accompanied with a statement showing a reconciliation of cash flow from operating activities and operating surplus.

The findings of this study are not consistent with that conducted by Abata and Suara (2022) which indicates that the adoption of IPSAS improves financial reporting quality but did not establish the extent to which the adoption of IPSAS has influenced financial reporting quality and those of Olaru (2023); Beredugo (2021); John, Ofem and Nwankwo (2023); Udeh and Sopekan (2015); as well as Olayinka, Okoye, Modebe and Olaoye (2016) which established that a relationship exist between adoption of IPSAS and financial reporting quality but did not show the degree to which IPSAS adoption has enhanced financial reporting quality. However, the result of this study is consistent with that of Enyinna, Eke and Ajabor (2023) which found that IPSAS has an impact on the disclosure of financial information, transparency, and accountability in public sector financial reporting. Furthermore, the results of this study corroborates that of Alkhanbbaz and Suresh (2023) which found that a positive relationship exist between the adoption of IPSAS and relevance of financial information even though the researchers did not indicate the extent to which IPSAS influence financial reporting quality.

CONCLUSION

Based on the research findings, this study concludes that universities in Rivers State are still at an elementary stage of the adoption of IPSAS in the preparation of financial statements and as such the quality of their financial statements cannot be reasonably assured. The slow pace of adoption of IPSAS by universities in Rivers State could be attributed to lack of administrative will and inability of the universities to train their accounting personnel (so as to update their financial: reporting skills) and harness in-house professional accounting talents in their accounting operations. Furthermore, the study concludes that the slow implementation of IPSAS by universities in Rivers State is due to the cash basis of accounting orientation that many Accounting Personnel of the universities still have.

RECOMMENDATIONS

The following recommendations are advanced based on the findings and conclusion of this Study:

1. To enhance their financial reporting skills, Accounting Personnel of universities in Rivers State, especially those handling Final Accounts, should be made to undergo thorough training on IPSAS. The training should be practical and not theory-based and experts who have been involved in the successful implementation of IPSAS should champion the process.

2. Since IPSAS is based on the accrual basis of accounting, universities in Rivers State should review and revise their accounting manual to fully reflect the principles and requirements of IPSAS and transactions should be recognized, measured, presented and disclosed in accordance with the IPSAS that are relevant to such transactions.
3. To achieve full adoption and implementation of IPSAS, the Bursary Department of each of the three universities in Rivers State should consider procuring and installing a robust accounting software since it is easier to prepare quality financial statements using a software than manually or with Microsoft excel.

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