European Journal of Applied Business Management, 10(3), 2024, pp. 82-98 ISSN 2183-5594

Research Paper

Recognition and Measurement Principles of Accrual-Based IPSAS and Quality of Corporate Reporting by Government Owned Entities in Nigeria

Submitted on 17th October 2024
Accepted on 18th November 2024
Evaluated by a double-blind review system

OLUWAMAYOWA OLALEKAN IREDELE[1*]
YUNUS OHIEKU ABDULAZEEZ[2]
OLUWAFUNMILAYO OLUBUKOLA AJIBOLA[3]

ABSTRACT

Purpose: Quality corporate reporting is a key pillar in achieving transparency, accountability, openness, public trust and better decision making among stakeholders. This study examined the impact that accrual-based International Public Sector Accounting Standards (IPSAS) has on the quality of corporate reporting by government owned entities in Nigeria with specific focus on the effect that recognition and measurement principles have on the quality of reporting.

Methodology: The study utilized primary data which was obtained through the administration of structured questionnaire to two hundred and forty-four (244) employees of Federal Inland Revenue Service personnel, Lagos office station. A multiple linear regression model was employed to analyze the data.

Results: The result of the t-test revealed that the guidance for measurement of assets and liabilities, comparability of financial statements and recognition and measurement components under the accrual-based IPSAS significantly contribute to the quality of corporate reporting in government entities in Nigeria.

Practical Implications: The study identified assets management as a key advantage of the accrual-based IPSAS. Therefore, public entities are expected to maintain assets registry for assets that meet the recognition criteria, as this is instrumental to accountability in asset management, and it is crucial for quality corporate reporting by government entities.

Originality: There is an apparent dearth of empirical studies on the recognition and measurement principles of accrual-based IPSAS, and this is the focus of the current study.

[1*] Corresponding author. Department of Accounting, Faculty of Management Sciences, University of Lagos, Nigeria. Email: oiredele@unilag.edu.ng
[2] Council of Nigerian Mining Engineers and Geoscientists, Abuja, Nigeria. Email: abdulazeezohiekuyunus@gmail.com
[3] Department of Accounting, Anchor University, Ayobo, Ipaja, Lagos, Nigeria. Email: oajibola@aul.edu.ng

Keywords: *Recognition, Measurement, IPSAS, Corporate Reporting, Government, Entities*

1. Introduction

The implementation of International Public Sector Accounting Standards (IPSAS) using an accrual-based methodology in Nigeria has recently received more attention due to its potential to raise the bar for financial reporting in the public institutions. Since the accrual-based IPSAS main objective is to enhance financial reporting, their implementation ought to deliver more precise and trustworthy financial information about entities operations.

The adoption of accrual-based IPSAS, according to Nigeria's Federal Ministry of Finance, is anticipated to improve the accuracy and dependability of financial information available to decision-makers and, as a result, the quality of financial statements generated by government-owned corporations. As a result, this can boost Nigeria's public financial management's accountability and openness.

Studies have shown that implementing accrual-based IPSAS can amplify the quality of fiscal reporting within government parastatals (Ouda, 2019; Abdul-Rahaman, Adzoyi & Azameti, 2020). The accrual-based IPSAS approach reflects financial transactions more accurately, whether the cash involved has been paid or received. The benefits that this confers include providing a more accurate overview of financial performance and facilitating comparison of financial statements across government parastatals and countries (Mirza, Holt & Knapp, 2012).

However, introducing accrual-based IPSAS presents a set of challenges, particularly in Nigeria, where the transition towards the new accounting norms has been slow. These challenges include the need for additional resources and training, and an anticipated increase in costs owing to the increased intricacies of financial reporting (Ouda, 2019; Abdul-Rahaman et al., 2020).

Even though concern has been raised about government entities capacity to adopt accrual-based IPSAS, according to research by Abdul-Rahaman et al. (2020), these organizations' inability to adopt accrual-based IPSAS may compromise the quality of their financial reporting. Additionally, these entities lack the tools and knowledge necessary to properly adopt accrual-based IPSAS.

Despite the challenges, government entities in Nigeria have come under more and more pressure to switch accrual-based accounting because it has the potential to raise the bar for corporate reporting while simultaneously enhancing financial management, accountability, and openness. Given the fact that it is anticipated that the adoption of accrual-based IPSAS will raise the bar for financial reporting within entities of the Nigerian government, it is critical to carefully consider how this will impact corporate reporting, particularly in terms of recognition and measurement principles, financial statements presentation requirements, and disclosure requirements.

According to the International Accounting Standards (IPSAS) recognition and measurement principles, "assets and liabilities must be valued according to their economic substance rather than their legal form" (IFAC, 2015). For government parastatals with limited resources and technological expertise, this demand may provide major hurdles. Similar to how financial statements must be presented under IPSAS (IPSASB, 2013), consumers must be able to interpret the information, which can be difficult for businesses with low financial and technological skills.

Additionally, according to IPSASB (2013), the disclosure rules are designed to give users accurate and timely information about the state of government entities' finances. With an emphasis on the IPSAS standards for disclosure, financial statement presentation, and recognition and measurement principles, this study seeks to determine how the adoption of accrual-based IPSAS has changed the norm of corporate reporting in Nigerian government entities.

Therefore, the singular objective of the current study is to analyze how the accrual-based IPSAS's recognition and measurement rules affect the quality of their corporate reporting. The results will advance understanding of IPSAS implementation in the public sector and provide crucial information to Nigerian policymakers and accountants within the public sector.

This paper flows as follows: section 2 is the review of literature, theoretical framework and hypotheses development. Section 3 is the research method adopted in the study. In section 4 the analysis and results are presented. Section 5 is used for the discussion and conclusion of the study.

2. Literature Review, Theoretical Framework and Hypotheses Development

2.1. Concept of Accrual-Based IPSAS

Accrual-based International Public Sector Accounting Standards (IPSAS) are a collection of guidelines for public sector companies' financial recording processes. They are designed to give an accurate picture of a company's operations, cash flow, and financial status. According to Munasinghe and Tandikatla (2019), implementing accrual-based IPSAS signifies a notable change in public accounting, moving from a cash to accrual basis, which records transactions as they occur, not when payment is received or made. This offers a more precise depiction of an entity's financial status and activity.

A major advantage of accrual-based IPSAS is its ability to give a more accurate snapshot of a public sector organization's finances, thereby aiding better decision-making by offering trustworthy financial information. Martinov-Bennie and Soh (2020) opined that implementing accrual-based IPSAS can increase transparency and accountability within public sector organizations by setting a uniform standard for financial reporting. Contrary to the conventional cash-based accounting system, accrual-based accounting records transactions as they take place as opposed to when a payment is made or received. This paints a fuller picture of a company's activities and financial status.

Notwithstanding the benefits, transitioning to accrual-based IPSAS can pose challenges, especially for entities traditionally using cash-based accounting. Murugan and Wan-Hussin (2020) argued that this transition calls for considerable modification in accounting systems, processes, and staff training. Moreover, the success of accrual-based IPSAS implementation necessitates the creation of suitable governance structures and controls. As proposed by Flesher and Zimbelman (2021), strong governance structures are crucial for the successful application of accrual-based IPSAS. This involves formulating apt policies and procedures, as well as instituting mechanisms for monitoring and reporting.

2.2. The concept of Quality Corporate Reporting of Accrual-Based IPSAS

Quality corporate reporting, which is a key pillar of transparency in the business landscape, involves the dissemination of a company's significant financial and non-financial details to its stakeholders that includes shareholders, employees, customers, creditors, and the wider public. Gray and Laughlin (2019) regard corporate reporting of accrual-based IPSAS as the medium through which public sector entities share details regarding their financial status, performance, future prospects, as well as their social, environmental, and governance consequences.

The study hypothesizes that excellent corporate reporting increases accountability, openness, and public trust, which in turn encourages stakeholders to make better decisions. Corporate reporting generally includes financial statements, a management discussion and analysis (MD&A), non-financial data such as environmental, social, and governance (ESG) factors, and risk management reports.

2.3. The concept of Recognition and Measurement Principles and Quality of financial reporting

Principles of recognition and measurement are the cornerstones of accounting and financial reporting. In accordance with these standards, financial transactions and events must be identified, valued, and reflected in financial statements. Particularly in light of international accounting standards like the International Public Sector Accounting Standards (IPSAS), the principles of recognition and measurement have attracted increased attention.

According to the International Accounting Standards Board (IASB), the practice of including a component in the financial statements that is measurably substantial and relevant to users of the financial statements is known as recognition. Further clarification is provided by the IPSASB (2018), which states that in order for an element to be recognized, it must satisfy a number of criteria, including the potential for future economic advantage and the likelihood of such benefit.

Each IPSAS standard outlines its own recognition criteria.

For instance, IPSAS 9 pertains to financial instruments and requires recognition once the entity is contractually bound to the instrument. The revenue from non-exchange transactions is covered under IPSAS 23, which calls for recognition when there is a valid legal claim to the revenue. In order to quantify the monetary values at which elements are to be recognized and retained in the financial statements, measurement is required, according to IPSASB (2019). This is covered by several IPSAS standards, including IPSAS 13 for leases and IPSAS 17 for property, plant, and equipment.

The implementation of the proper recognition and measurement standards strengthens the usefulness and trustworthiness of financial data in financial statements, assisting stakeholders in making wise decisions. These rules, which specify how financial transactions and events should be recognized, valued, and reported, are influenced by several accounting conventions including the International Financial Reporting Standards (IFRS) and IPSAS.

For example, IPSAS directs that assets should be recognized when there is a probable economic benefit and a reliable measurement of the asset's cost or value. Furthermore, assets and liabilities are measured using various techniques, including historical cost, fair value, and present value. Each technique has its own merits and demerits. For example, Nair and Nair (2021) argue that fair value measurement enhances the relevance of financial data in the financial statements, but caution that it might be affected by market volatility.

In summary, recognition and measurement principles are vital for accurate and transparent financial reporting. They provide a comprehensive framework for identifying and recording financial transactions and calculating the monetary values of recognized items.

2.4. Theoretical Framework

In order to evaluate the implementation of accrual-based International Public Sector Accounting Standards (IPSAS) in Nigeria, institutional theory, which has its root in sociology, organization theory, and economics, provides a relevant lens. According to the notion, organizations adjust to the social norms, laws, and regulations of the institutional context in which they function. They do so not merely to improve efficiency, but also to gain legitimacy and ensure survival in their respective socio-political contexts.

Using institutional theory, it is possible to gain the following important insights into the effects of adopting accrual-based IPSAS in Nigerian government parastatals *(i)* legitimacy: By adopting international standards like IPSAS, Nigerian parastatals can enhance their legitimacy in the eyes of international donors, lenders, and stakeholders. This legitimacy can lead to more investment and funding opportunities, contributing to improved operational efficiency and service delivery.

(ii) Coercive, Mimetic and Normative Pressures: Institutional Theory outlines three types of pressures that drive organizations towards homogeneity, which are coercive, mimetic, and normative. Coercive pressures could come from statutory requirements, funding bodies, or

international obligations; mimetic pressures arise when parastatals imitate successful peers, while normative pressures may stem from professionalization or expert recommendations. Accrual-based IPSAS may have been adopted in Nigeria as a result of these factors.

Accrual-based IPSAS provide more thorough and extensive reporting, which is consistent with institutional theory's emphasis on adhering to society expectations of transparency and accountability. Therefore, adoption of institutional theory leads to improved transparency and accountability. However, it is critical to remember that adopting the standards by themselves would not lead to a successful implementation of accrual-based IPSAS. In larger institutional context, which includes the overall socio-political environment, governance, auditing standards, and regulatory quality, also has a big impact. It is important to keep in mind these additional considerations while evaluating how the adoption of IPSAS will affect the quality of corporate reporting, as institutional theory applies.

The implementation of accrual-based IPSAS in Nigeria's parastatals may be understood using institutional theory, which offers a persuasive framework for doing so. It offers insights into why such adoption is taking place, and what its impacts may be. However, as with all theory-based analyses, it is crucial to contextualize the findings within the unique socio-political environment of Nigeria. To fully grasp the quality of corporate reporting, one must consider other factors like institutional quality, corruption levels, and education levels, among others.

2.5. Prior Empirical Studies

The adoption of International Public Sector Accounting Standards (IPSAS) has been a topic of interest in various countries, each facing its own set of benefits and challenges. Several empirical studies have been conducted to assess the impact of IPSAS adoption in different contexts, including the United States, European countries, developing nations, and Nigeria.

From the developed countries, Christiaens and Rommel (2018) focused on the impact of accrual-based IPSAS adoption in Belgium, Denmark, and the Netherlands. Their mixed-methods approach assessed financial reports from 2008 to 2014. The study found that IPSAS had a favorable impact on financial reporting quality, enhancing transparency and comparability. Challenges included implementation costs, complex standards, and stakeholder comprehension.

Polzer, Adhikari, Nguyen, & Garseth-Nesbakk. (2021) analyzed IPSAS implementation in developing economies and low-income countries, offering insights on the state of IPSAS reforms and the factors impacting these changes. Tawiah (2023) investigated the impact of IPSAS adoption on governance quality, particularly in developing countries, and found a favorable and significant effect on governance quality.

Alam, Ali and Ahmed (2020) studied accrual-based IPSAS adoption in Bangladesh and found improved reporting standards but highlighted challenges in technical capability, financial backing, and opposition from some organizations. Udeh and Sopekan (2015) conducted a study in Nigeria, concluding that IPSAS adoption would enhance financial reporting reliability, comparability, and assurance of financial integrity.

Moving to Nigeria, Oyinloye and Oyedokun (2018) examined the difficulties faced during IPSAS implementation in Nigeria, highlighting political will, financing, training, and stakeholder awareness as challenges. Ogbonna and Appah (2019) assessed accrual-based IPSAS adoption in Nigeria, finding that only 17% of organizations had fully adopted it, with resource accessibility, standard awareness, and top management commitment as factors affecting adoption. Eke and Ozurumba (2019) discovered that IPSAS adoption improved financial reporting standards in Nigerian public sector firms but identified constraints like insufficient funds and employee training.

Olawale and Alade (2019) assessed the adoption of accrual-based IPSAS in Nigeria, finding that adoption was influenced by factors such as resource availability, political will, exposure to other countries, and knowledge and comprehension of the standard. Onwuchekwa and Ezejiofor (2020) found that IPSAS implementation improved financial accountability in the Nigerian public sector and recommended the presence of an independent audit committee.

Okoli and Ogbuji (2021) investigated challenges in IPSAS implementation in Nigeria, citing insufficient funding, lack of technical expertise, and lack of political will as barriers. Uwuigbe, Mgbame, Ademola, & Adegbite. (2021) studied the impact of IPSAS adoption on financial reporting in Nigerian federal government entities, finding that technical know-how and adequate funding enhanced reporting quality.

In summary, these empirical reviews highlight the potential benefits of IPSAS adoption, including improved financial reporting, transparency, comparability, accountability, and governance quality. However, challenges such as implementation costs, complex standards, stakeholder resistance, lack of funds, and political barriers exist, especially in the early stages of adoption. The studies also underscore the importance of factors like top management support, legal requirements, technical readiness, and resource availability in influencing IPSAS adoption and its outcomes in different countries. There appears to be lack of empirical evidence on accrual-based related studies, and specifically studies on the recognition and measurement principles and how it affects quality of corporate reporting. It is this void that this study intends to address. On this premise, the current study hypothesizes that:

H_o1 Accrual-based IPSAS with respect to guidance for recognition of assets and liabilities (GR) has no significant influence on corporate reporting among government entities in Nigeria.

H_o2 Accrual-based IPSAS with respect to Guidance for the Measurement of Assets and Liabilities score for entity (GM) has no significant influence on corporate reporting among government entities in Nigeria.

H_o3 Accrual-based IPSAS with respect to Timely and Accurate Recording of Financial Transactions for entity (TAR) has no significant influence on corporate reporting among government entities in Nigeria.

H_o4 Accrual-based IPSAS with respect to Comparability of Financial Statements score for entity (CS) has no significant influence on corporate reporting among government entities in Nigeria.

H_o5 Accrual-based IPSAS with respect to Recognition and Measurement of Revenue for entity (RMR) has no significant influence on corporate reporting among government entities in Nigeria.

3. Methodology

3.1 The Data

The population of the study is staff of Federal Inland Revenue Service in Lagos State office station. A study by Ajagunna, Okoro, Isaruk, Willaims, Ada, and Wosa, (2023) puts the staff strength at six hundred and thirty (630) employees. The sample size for the study was determined using the Taro Yamane formula and stood at two hundred and forty-five (245). Purposive sampling technique was adopted in selecting the sample size. The use of purposeful sampling enabled the researchers to choose individuals who have first-hand knowledge of accrual-based IPSAS and public sector financial reporting. Hence, the selection of all the staff within the internal audit, accounts and finance.

A structured questionnaire was adopted to illicit information from the respondents, and a total of 244 responses were used for the analysis. Using the statistical package for social sciences (SPSS23) and responses from a pilot test of the instrument, Cronbach's Alpha values were calculated for both the dependent and independent variables, and that gave 0.756, and 0.766 respectively. This indicates a relatively high level of reliability for the research instrument, specifically the questionnaire used to collect data.

3.2 Model Specification

The following model specification is offered in connection with the investigation into the effects of adopting accrual-based IPSAS (as measured by the recognition and measurement principles of accrual-based IPSAS) on the standard of corporate reporting in government entities:

Dependent variable: Quality of corporate reporting. This was measured by using different indicators such as reliability, relevance, understandability, comparability, etc as stated in the questionnaire.

Independent variables: Adoption of accrual-based IPSAS proxied by Recognition and measurement principles of accrual-based IPSAS which is measured by: Guidance for the Recognition of Assets and Liabilities score for entity (GR), Guidance for the Measurement of Assets and Liabilities score for entity (GM), Timely and Accurate Recording of Financial Transactions for entity (TAR), Comparability of Financial Statements score for entity (CS), and Recognition and Measurement of Revenue for entity (RMR).

European Journal of Applied Business Management, 10(3), 2024, pp. 82-98 ISSN 2183-5594

A simple linear regression model can be used to analyze the relationship between the dependent and independent variable. The following is a possible description of the model:

$$QCR = \alpha + \beta_1 GR_i + \beta_2 GM_i + \beta_3 TAR_i + \beta_4 CS_i + \beta_5 RMR_i + \varepsilon$$

Where:

- Guidance for the Recognition of Assets and Liabilities score for entity (GR),
- Guidance for the Measurement of Assets and Liabilities score for entity (GM),
- Timely and Accurate Recording of Financial Transactions for entity (TAR),
- Comparability of Financial Statements score for entity (CS), and
- Recognition and Measurement of Revenue for entity (RMR).
- ε is the error term

3.3 Measurement of Variables

Table I: Measurement of Variables

S/NO	Variables	Types of variables	Definition	Measurement	Sources
1.	Quality of Corporate Reporting (QCR)	Dependent variable	QCR is a comprehensive assessment tool that evaluates various dimensions of corporate reporting quality	Transparency, accuracy, completeness, relevance, and timeliness of information disclosed in financial statements.	International Public Sector Accounting Standards Board [IPSASB], (2020)
2.	Accrual-based IPSAS	Independent variable	Recognition and measurement principles of accrual-based IPSAS (RM) outlines the specific guidelines and principles for recognizing and measuring financial transactions and	• Guidance for the Recognition of Assets and Liabilities. • Guidance for the Measurement of Assets and Liabilities • Timely and Accurate Recording of	IPSASB, (2019)

European Journal of Applied Business Management, 10(3), 2024, pp. 82-98 ISSN 2183-5594

			events in the accrual-based IPSAS framework.	Financial Transactions • Comparability of Financial Statements • Recognition and Measurement of Revenue	

Source: researcher computation (2023)

4. Analysis and Results

Table II: Model Summary

Model Summary^{b}					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.501^{a}	.251	.235	2.72310	1.897
a. Predictors: (Constant), RMR, GR, TAR, GM, CS					
b. Dependent Variable: Corporate reporting of public sector entities (QCR)					

Source: Researcher's computation, 2023

Table III: Analysis of Variance (ANOVA)

ANOVA^{a}						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	587.674	5	117.535	15.850	.000^{b}
	Residual	1757.420	237	7.415		
	Total	2345.095	242			
a. Dependent Variable: Corporate reporting of public sector entities (QCR)						
b. Predictors: (Constant), RMR, GR, TAR, GM., CS						

Source: Researcher's computation, 2023

Table IV: Regression coefficients

Coefficients^{a}						
Model	Coefficients		t	Sig.	Collinearity Statistics	
	B	Std. Error			Tolerance	VIF
(Constant)	6.990	1.771	3.948	.000		
GR	.136	.342	.397	.691	.807	1.240
GM	1.575	.373	4.226	.000	.643	1.556
TAR	.121	.362	.334	.739	.583	1.716
CS	.790	.325	2.433	.016	.615	1.625
RMR	.669	.344	1.944	.053	.701	1.426
a. Dependent Variable: Corporate reporting of public sector entities (QCR)						

Source: Researcher's computation, 2023

The model in Table 2, which consists of the accrual-based IPSAS recognition and measurement principles, has an adjusted r-squared value of 0.235, which means that accrual-based IPSAS

European Journal of Applied Business Management, 10(3), 2024, pp. 82-98 ISSN 2183-5594

accounts for 23.5% of the variation in the quality of corporate reporting. The Durbin-Watson statistic of 1.897 falls within the acceptable range ($1.5 < d < 2.5$), suggesting that there is no significant autocorrelation in the residuals. The F-statistic value is 15.850 and the probability value is 0.000.

This probability value is less than the 0.05 level of significance that is generally accepted. The assumption that the accrual-based IPSAS recognition and measurement principles criteria have no effect on the quality of their corporate reporting was therefore refuted. This is indicative of the fact that the adoption of accrual-based IPSAS, in particular in the areas of recognition and measurement principles criteria, greatly enhances the standard of corporate reporting in Nigerian government entities.

In terms of individual variables, the result in Table 4 shows that GR with coefficient 0.136 and t value of 0.397, under the accrual-based IPSAS, does not have a statistically significant impact on QCR. GM shows a substantial positive impact on QCR with a coefficient of 1.575. Its high t-value of 4.226 and a significance level of 0.000 indicate a statistically significant relationship. TAR has a coefficient of 0.121, with a t-value of 0.334 and a Sig. value of 0.739, indicating that it does not significantly affect QCR. The analysis reveals a positive and significant relationship between CS and QCR, as evidenced by a coefficient of 0.790, a t-value of 2.433, and a Sig. level of 0.016. RMR shows a positive impact on QCR with a coefficient of 0.669. Its t-value of 1.944 and a borderline Sig. value of 0.053 suggest a potentially significant impact at the 10% level. Overall, the VIF indicates absence of multicollinearity within the data set.

4.1 Test of Hypotheses

Three of the hypotheses under consideration, which are H2, H4 and H5 as shown in the result in Table 4 are statistically significant. The evidence to support this is that $p < 0.05$. The study therefore reject the null hypotheses and conclude that Guidance for the measurement of assets and liabilities (GM), comparability of financial statements (CS) and recognition and measurement of revenue (RMR) have significant positive effect on quality of corporate reporting among government entities in Nigeria. On the other hand, H1 and H3 are not statistically significant given the p values which are above 5%. In conclusion, Guidance for the recognition of assets and liabilities (GR) and timely and accurate recording of financial transactions (TAR) have significant effect on quality of corporate reporting among government entities in Nigeria.

5. Discussion, Conclusion and Policy Implications

The study aimed to assess how adopting IPSAS accrual-based methodology impact on the standard of corporate reporting in government entities in Nigeria, specifically, how the recognition and measurement principles affected the quality of financial reporting. The result of the current study shows that measurement of assets and liabilities (GM) significantly impacts on the quality of corporate reporting among government entities.

This is proven by the fact that primarily, cash-based IPSAS account for cash holding relating to assets and liabilities within the statement of financial position, and these are often done at book value or the value they were initially acquired, but by adopting accrual-based IPSAS, government recognize all assets and liabilities including financial assets and non-financial assets on one hand, and liabilities and other debt securities on the other hand, and these are usually recorded at their current market value, their value in use or by using other approximations. Beyond that, the principle of measurement of assets and liabilities ensure that they are revalued regularly to ensure that the statement of financial position reflects the government's true financial position.

Also, there is evidence that recognition and measurement of revenue influence corporate reporting. The fact that transactions are reported in the period they occur, accrual-based IPSAS is expected to influence revenue and expenses recognition and give a fairer view of the financial affairs of the entity. This is the position in a study conducted by Gkouma and Filos (2022) in Greece, and this is expected to have significant impact on the financial performance and corporate reporting in general.

The study also supports the claim that accrual-based IPSAS in terms of its comparability of financial statement principle impacts immensely on the quality of corporate reporting of government owned entities. This is brought about through the transparency that accrual-based

IPSAS guarantees. Normally, transparency in corporate reporting is a requirement for countries around the world to benefit from donor agencies, and when countries meet this requirement their financial reports are adjudged to be of high quality. This position is supported by Gkouma and Filos (2022), and this is so because transactions are recorded in the year they occur, and that presents a fair view of the financial affairs of the entity.

In conclusion, the study highlights the critical role that accurate measurement and comparability of financial statement play in enhancing the quality of corporate reporting in line with the accrual-based IPSAS standards. It is therefore worthy of note the significant role that adoption of accrual-based IPSAS plays in raising the standard of corporate reporting within organizations in the public sector.

As a way of policy implications, the study identify assets management as a key advantage of the accrual-based IPSAS. This is because IPSAS requires measurement of assets for inclusion in accounts. Therefore, public entities are expected to maintain assets registry for assets that meet the recognition criteria. This will bring about the benefit that accrues from subsequent measurement of the asset concerned. Unlike the cash-basis IPSAS that does not encourage retention of assets in the books of publicly owned entities. Maintaining asset registers is instrumental to accountability in asset management, and it is crucial for quality corporate reporting by government entities.

Timely and accurate recording of financial transaction that accrual-based IPSAS is supposed to achieve as a way to indicate quality in the corporate reporting process is not evident in this study. A clear possible reason for this could be that government entities are yet to build enough capacity, hence, are not able to prepare accrual-based IPSAS on a timely basis. Undoubtedly, a lot of competence is required in the implementation of accrual-based IPSAS. This is why capacity building has become important.

Therefore, given the positive impact of the accrual-based IPSAS adoption on the quality of corporate reporting, there is a need to enhance the capacity of personnel in public sector entities through regular training and workshops. This will ensure that they fully understand the requirements of the standards and are better equipped to implement them effectively and in a timely manner.

The government should continue to support the adoption and implementation of IPSAS through favorable policies and regulations. This may include providing incentives to entities that comply with IPSAS and penalizing those that do not. The government could also consider setting up a dedicated unit to monitor IPSAS compliance and provide necessary guidance to public sector entities. To maximize the benefits of IPSAS adoption, there needs to be stronger accountability mechanisms in place. This may include making it mandatory for public sector entities to disclose their financial reports to the public and ensuring that there are effective sanctions for entities that do not comply.

The conclusion of this study is drawn based on the data obtained from a major government-owned entity in Nigeria. Future research should be carried out that will include data from across several government-owned entities. This will enable for a more robust result that can be generalized.

References

Abdul-Rahaman, A., Adzoyi, P., & Azameti, M. (2020). The Impact of Accrual-Based Accounting on Financial Reporting in Ghana. *Journal of Accounting and Finance*, 20(7), 117-125.

Ajagunna, Okoro, Isaruk, Willaims, Ada, and Wosa, (2023). Impact of Staff Motivation on Job Performance in Federal Inland Revenue Service, Lagos State, Nigeria. *International Journal of Research and Innovation in Social Science (IJRISS),* VII (I), 686 – 695.

Alam, M. M., Ali, M. H., & Ahmed, S. (2020). Implementation Challenges of IPSASs in the Public Sector of Developing Countries: Evidence from Bangladesh. International Journal of Financial Research, 11(2), 243-254.

Eke, L. O., &Ozurumba, B. A. (2019). The impact of IPSAS Adoption on the Quality of Financial Reporting in Nigerian public sector entities. *Journal of Public Affairs*, 19(3), e1918.

Flesher, D. L., & Zimbelman, M. F. (2021). Introduction to the special issue on public sector accounting research. *Journal of Public Budgeting, Accounting & Financial Management*, 33(1), 1-6.

Gray, R., & Laughlin, R. (2019). Corporate reporting of the public sector: Reflections on 40 years of research. *Public Money & Management,* 39(3), 147-153.

IFAC. (2015). IPSAS Explained: A Summary of International Public Sector Accounting Standards. International Federation of Accountants.

IPSASB. (2013). International Public Sector Accounting Standards. International Federation of Accountants.

IPSASB. (2019). Handbook of International Public Sector Accounting Pronouncements 2019 Edition. International Federation of Accountants.

Martinov-Bennie, N., & Soh, D. S. B. (2020). The Impact of Accrual-Based IPSAS on the Quality of Government Financial Reporting. *Australian Accounting Review*, 30(3), 278-294.

Mirza, A. A., Holt, G., & Knapp, G. (2012). International public sector accounting standards (IPSAS): An overview. *Research in Accounting Regulation*, 24(1), 78-85.

Munasinghe, K., &Tandikatla, V. P. (2019). Adoption of Accrual Accounting and the role of IPSAS: Evidence from public sector entities in Sri Lanka. *Journal of Accounting in Emerging Economies*, 9(2), 254-276.

Nair, N. K., & Nair, S. S. (2021). Fair value accounting and its impact on financial reporting quality: Evidence from India. *International Journal of Accounting*, 56(1), 29-44. https://doi.org/10.1016/j.intacc.2021.01.004

Ogbonna, G. N., & Appah, E. (2019). Factors Affecting Adoption of Accrual-Based IPSAS by Public Sector Organizations in Nigeria. *Journal of Accounting and Finance*, 19(2), 53-64.

Okoli, I. C., & Ogbuji, C. E. (2021). Challenges of implementing IPSAS in the Nigerian public sector: evidence from public sector accountants. *Journal of Financial Reporting and Accounting*, 19(1), 91-110.

Olawale, L. A., & Alade, S. O. (2019). Adoption and implementation of accrual-based IPSAS in the Nigerian public sector. Journal of Public Budgeting, *Accounting & Financial Management*, 31(2), 267-280.

Onwuchekwa, J. C., &Ezejiofor, R. A. (2020). IPSAS adoption and financial accountability in the Nigerian public sector: the moderating role of audit committee independence. *International Journal of Public Sector Management*, 33(5), 553-567.

Ouda, H. (2019). The impact of implementing accrual accounting in the public sector: Evidence from Egypt. *Journal of Accounting in Emerging Economies*, 9(3), 429-446.

Oyinloye, O. O., &Oyedokun, G. A. (2018). Adoption of accrual-based IPSAS and financial reporting quality of Nigerian public sector entities. *Journal of Accounting in Emerging Economies*, 8(4), 568-583.

Polzer, T., Adhikari, P., Nguyen, C. P., &Garseth-Nesbakk, L. (2021). Adoption of the International Public Sector Accounting Standards in emerging economies and low-income countries: A structured literature review. *Journal of Accounting in Emerging* Economies, 11(2), 328-351. https://doi.org/10.1108/JAEE-02-2020-0034

Tawiah, V. (2023). The Effect of IPSAS Adoption on Governance Quality: Evidence from Developing and Developed Countries. *Public Organization Review* 23:305–324

Udeh, F., and Sopekan, S., (2015). Adoption of IPSAS and the Quality of Public Sector Financial Reporting in Nigeria. *Research Journal of Finance and Accounting* ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online) 6(20),1-15

Uwuigbe, U., Mgbame, C. O., Ademola, A. A., & Adegbite, T. (2021). The impact of IPSAS adoption on the quality of financial reporting in Nigerian federal government entities. *Journal of Accounting in Emerging Economies*. 39(4), 245-252.