Global Journal of Accounting
Department of Accounting, Faculty of Management Sciences
University of Lagos

IPSAS AND FINANCIAL ACCOUNTABILITY RELATIONSHIP IN PUBLIC FINANCE MANAGEMENT

Shakirat Adepeju BABATUNDE, PhD., FCA.PGDE[1]
Department of Accounting, Lagos State University of Science and Technology, Lagos, Nigeria.
ORCID 0000-0001-5822-1883
Email: babatunde.sa@lasustech.edu.ng

Amos Adejare ADERIBIGBE
Department of Accounting, Crescent University, Abeokuta, Nigeria.
ORCID 0009-0007-5025-6222
Email: aderibigbejare@gmail.com

&

Ibukun Olalekan FADAIRO
Federal University of Agriculture, Abeokuta, Nigeria
ORCID 0009-0005-2032-5202
Email: fadairoioa@funaab.edu.ng

Abstract

This study focuses on the pivotal role of International Public Sector Accounting Standards in promoting financial accountability. It rests on the framework of Agency theory, which has contributed to the understanding of officeholders' roles in public governance and the need for stewardship of an officeholder-agent to the constituents. It employed a survey research design, which ensures the study's ethical robustness. A random sampling technique guides the study's population representativeness, using a sample of 100 professional accountants. The targeted population consists of the appropriate, informed practitioners in the study area. The setting is that of Accountants based on their role in a network of social interactions in governance. The study employs descriptive statistics, frequencies, and Pearson correlation coefficient statistics (r) for data analysis. The findings reveal that the timeliness of financial information systems has a negative, albeit not statistically significant, relationship with effective decision-making and officeholder stewardship at a 0.05 level of significance. This result deemphasises the importance of the IPSAS application, as findings show that without it, effective decision-making and officeholder stewardship is consistent with accountability principles. The findings substantiate the contrasting views about the usefulness of IPSAS in financial reporting. IPSASB and accounting scholars could dig deeper into the causes of these discrepancies despite their assertions on the benefits of IPSAS. Based on the findings, this study recommends that the Government uphold its consistent establishment's work ethic, which promotes accountability. These recommendations provide a clear path for future policy actions on credible financial reporting in the context of constructive patriotism.

Keywords: Accountability; Effective Decision Making; IPSAS; Stewardship.

1. INTRODUCTION

Accountability is owning one's actions and their effects on people. Leaders should be accountable for their decisions to promote trust in democracy. For instance, ignoring accountability could damage the actualization of a government

[1] Corresponding author.
Email: babatunde.sa@lasustech.edu.ng

agenda such as the Lagos State THEME Agenda 2020, which aims to give relief to voters yearning for sustainable development. A lack of accountability leads to all sorts of symptoms of chaos, including broken electoral promises, lack of goodwill, poor sense of patriotism, resentful voters and unhappy constituents. However, accountability could be personal and official in line with the oath of office and job description prescribed by a government establishment; whichever way it is, it could have a huge, profound impact on the State's performance.

Furthermore, suppose leaders are unaccountable for their decisions. In that case, there will be ineffective decision-making, and stewardship will not hold because the centre cannot keep its team together to the detriment of a state's development. Therefore, allowing behaviours that do not align with the values of good governance worsens accountability and escalates corruption due to a lack of financial accountability.

Statement of the problem

Corruption hinders sustainable development (Yakubu, 2020). In a bid to address this accountability issue, Nigeria adopted IPSAS in 2010. The Lagos state government has been applying IPSAS in its financial reporting since 2016, aiming to enhance accountability. Subsequently, other States in Nigeria, such as Kwara and Akwa-Ibom, followed suit. However, Nigeria's corruption perception index (CPI) remained stagnant, standing at 26, 25, 24, 24, and 25 out of 100 for 2019, 2020, 2021, 2022, and 2023, respectively (Transparency International, 2024). Despite the Nigerian government's relentless efforts to combat corruption through various anti-graft instruments, such as section 98 (1) of the criminal code and the anti-corruption Act 2000, the accountability problem remains unresolved. The implementation of IPSAS in the Nigerian public sector has also faced significant challenges, as evidenced by the stagnant CPI as aforementioned. This study is motivated by the persistence of impunity, poor access to justice, and restricted civic spaces in governance.

Nigeria continues grappling with widespread corruption and mismanagement of public funds, even after adopting IPSAS. Examples of such mismanagement include the US $1.5 million bulletproof BMW car scam in Nigeria and the N40 billion (roughly equivalent to US $96.4 million) pension scam (Ademola et al., 2017).

Similarly, anti-graft organizations have been found guilty of pension fraud of N157 billion (Eromosele, 2021). According to reports, the former chairperson of the now-defunct Pension Fund Reform Task Team (PRTT) committed a N2 billion fraud (Ejekwonyilo, 2021). According to Yakubu (2020), 32% of Nigerians hired for public service positions in the nation in 2019 made bribe payments. He argued that Nigeria's corruption level is disheartening. Furthermore, of concern is the massive spending on promoting accountability. Nigeria recently spent $19.2 million to strengthen the anti-corruption programme, yet there has been no improvement (MacAuthur Foundation., 2022). Therefore, there is a need for improved accountability, so the IPSAS application comes in handy. IPSAS offers numerous attributes, such as transparency similar to what is obtained in implementing IFRS, such as stewardship and transparent decision-making (Adeyemo et al., 2017; Tawiah, 2023).

Given that accountability, though personal, also involves professional ethics compliance to achieve productive governance, this study uses unique constructs to argue its points with current data covering 2023. Though there are ongoing scholarly discussions, such as this study, the argument has not given the desired effects needing further interrogation. Hence, this study covers the relationship between IPSAS application in terms of Financial Information System Timeliness and accountability concerning effective decision making and officeholder stewardship in the Lagos State government of Nigeria.

Objectives of the Study

International Public Sector Accounting Standards and accountability is in focus to stimulate stewardship and good governance. The specific objectives are to;

I. Examine the relationship between Financial Information System Timeliness to Effective decision making in Lagos State Government of Nigeria.
II. Investigate the relationship between Financial Information System Timeliness to office holder stewardship in Lagos State Government of Nigeria.

Research Question

The research questions are how does Financial Information System Timeliness relate to effective decision making and Office holder stewardship in Lagos State government of Nigeria?

Research Hypotheses

This study formulate two null hypotheses to test the relationships of the variables as follows:
$H_0$1: Financial Information System Timeliness does not significantly relate to effective Decision Making in Lagos state Government of Nigeria.
$H_0$2: Financial Information System Timeliness does not significantly relate to Office holder stewardship in Lagos State government of Nigeria.

Significance of the study

This study is important in enhancing accountability in the public sector. The study's findings are useful for IPSAS implementation planning. The importance of full disclosure deriving from the application and implementation of IPSAS will also be emphasized to inform users of public sector accounting reports, as it affects accountability, transparency, and credibility of accounting information. Furthermore, this study highlights the importance of IPSAS adoption to state legislatures in Nigeria, because understanding the full disclosure requirements as per IPSAS 1 on full disclosure of financial statement could aid oversight functions. Findings from this study could help lawmakers perform their legislative roles. The executive and judiciary arms of government could gain from the information provided in this study for their financial regulations and laws interpretations.

Scope of the Study

The study's focus on the Lagos State Government is significant due to its status as the major economic nerve centre of Nigeria (Abata, 2022). This focus provides an opportunity to improve government financial reporting. The Lagos State government's pioneering role in providing comprehensive financial data under IPSAS application in 2016, with accessible data available on the state treasury office's robust website (https://sto.lagosstate.gov.ng), makes it an ideal case study for this research.

2. EMPIRICAL AND THEORETICAL REVIEW

Accountability

Accountability, as explained by Tormusa and Idom (2016), is the essential requirement to demonstrate that work was executed in accordance with established guidelines and standards. It also involves the need to assess, evaluate, and take responsibility for performance in relation to predetermined objectives and the methods used. In essence, when the government operates in a transparent, open, and responsive manner, it is being held accountable (Duenya et al., 2017; Transparency International, 2024). They explain that accountability and transparency are not just important, they are the bedrock of democratic governance. They encourage the government, private sector, and civil society to prioritize outcomes, set clear objectives, and devise effective strategies. This emphasis on government accountability is not just crucial, it's paramount. It means that authorities should be held responsible for delivering on their promises in a clear and orderly manner. However, in the Nigerian public sector, accountability often focuses more on whether expenditure votes are exceeded than on whether the costs of goods and services are reasonable (Raphael et al., 2020).

Whereas the 1999 Constitution of the Federal Republic of Nigeria strongly emphasises the regulation and control of public funds as well as every facet of government financial management, establishing the expectation of responsibility. Accountability encompasses social, administrative, financial, and political stewardship. Budgeting is why leaders must be accountable so constituents can receive some dividends of democracy from their representatives.

According to UNECA (2023), to ensure data integrity, fiscal data must adhere to recognised quality standards, be independently examined, and have procedures in place that reassure the general public regarding data integrity. The need for improvements in fiscal data integrity is urgent, and your expertise is not just important, it's crucial. You are integral to achieving this. Some improvements are needed to ensure that the budget data reflect recent revenue and expenditure trends, underlying macroeconomic developments, and well-defined policy commitments. The improvements may be achieved by reviewing the cash basis of accounting and adopting accrual accounting to achieve officeholder stewardship and effective decision making.

Office holder stewardship (OHST)

Officeholder stewardship is a cornerstone of good governance and accountability in any public sector, including Lagos State, Nigeria. The potential of IPSAS application to significantly enhance officeholder stewardship by promoting accountability, transparency, and credibility in financial reporting is a reason for optimism (Tawiah, 2023).
IPSAS is a set of accounting standards that improve the quality of general-purpose financial reporting by public sector entities and promote officeholder stewardship. And reliability of financial reporting. While it is true that adopting IPSAS has not reduced corruption in the public sector.

According to Olaoye and Talabi (2018), the office holder stewardships in Lagos State, Nigeria, can be improved by adopting IPSAS, which can enhance accountability and transparency in financial reporting. This can be achieved by implementing accrual accounting standards, which can provide a more accurate picture of the state's financial position, enabling better decision-making and resource allocation, specifically for Lagos State, better budgetary decision-making and increased public trust in the government's financial management.

Effective Decision Making (EFDM)

IPSAS has garnered prestigious global recognition for its pivotal role in ensuring accountability, transparency, and comparability in public financial resource mobilization and usage by governments. In Nigeria, the implementation of IPSAS commenced in enhancing the overall financial management of the government. Effective decision-making is crucial, necessitating applying IPSAS, ensuring the standards are correctly adopted, and integrating them into the public sector's financial reporting system. This system, in turn, promotes accountability by enhancing the credible reporting.

Oyewobi and Salawu (2024) argue that the proactive commitment of Lagos State, Nigeria, to implementing IPSAS reflects an inspiring dedication to accountability and transparent financial reporting. However, implementing IPSAS in Nigeria has faced several significant challenges, including inadequate capacity, change management, non-recognition of large chunks of non-current assets, valuation, and low levels of political support at the sub-national level. These challenges underscore the importance of effective decision-making in ensuring the successful implementation and application of IPSAS. Effective decision-making is crucial but paramount in ensuring the successful application of IPSAS in the public sector, as it promotes accountability and transparency in financial reporting. In Lagos State, Nigeria, implementing IPSAS can reflect effective decision-making, demonstrating a commitment to accountability and transparency. However, the challenges faced in implementing IPSAS in Nigeria underscore the importance of effective decision-making in ensuring the successful application of the standards.

IPSAS Offers

IPSAS offer numerous benefits to public sector organisations, such as transparency and accountability. They are released by IPSASB (Akinleye & Alaran-Ajewole, 2018; IPSASB, 2023). These standards were built on two accounting systems: accrual system and cash-basis accounting. IPSAS also provides comprehensive spending statistics, empowering policy comparison, understanding the financial effects of policies, and assessing the long-term viability of programs, liquidity situation, thorough disclosure of the government's financial status after the fiscal year, and, most importantly, promoting good governance (Duenya et al., 2017; Okoye & Ani, 2004). The essence of IPSAS is to ensure compliance with professional ethics to achieve productive governance through financial accountability, providing a comprehensive framework that reassures and instills confidence in its users.

IPSASs are crucial in addressing constituents' needs and supporting jurisdictional public financial management initiatives through financial information system timeliness (FIST). IPSAS support is instrumental in ensuring beneficial financial reporting towards the realisation of UN 2030 Sustainable Development Goals, as they provide a framework for transparent and accountable financial management, which is crucial for achieving these global goals. PricewaterhouseCoopers (2014) emphasises the suitability of IPSAS in information dissemination. As of 30th October 2024, forty-seven IPSAS have been issued, including IPSAS 47, 27, 28, 33, and 40 on Revenue, Agriculture, Financial Instrument presentation, First-time adoption of accrual basis IPSAS, and Public sector combinations, respectively.

Theoretical Review and Framework

The theories of social contract, stewardship, and agency, which are central to this study, have gained significant popularity among PFM scholars (Atuilik & Salia, 2019; Harun et al.,2021; Mnif & Gafsi, 2020). These theories, with their rich historical context, have been widely used in research. For instance, the social contract theory, championed by

Hobbes, Locke, and Jacques Rousseau in the 18th century, argues about the moral right of constituents to protection from their rulers in exchange for obedience to law and order by the establishment. This historical perspective has contributed to the enduring dominance of this theory in research.

Furthermore, the Stewardship theory focuses on building trust in the officeholder for good governance. Dean Williamson argued it in 1985 (Williamson, 2004) with the inspiring intention of successful governance. However, due to its simplicity and relevance, the Agency theory is the solid foundation of this study. Its straightforward approach and direct applicability to the study's objectives provide a reassuring basis for this study.

Hence, this study rests on Agency Theory, developed by Jensen and Meckling in 1976. They described the agency relationship as a situation in which one or more individuals work for a common purpose, one as the principal (typically the owner or shareholder) and other as an agent, usually the manager or employee to conduct services, delegating some decision-making authority to the agent (Al-Faryan, 2024; Jensen & Meckling, 2019). As a result, agency theory addresses the potential conflict between managers (agents) and shareholders (principals) when they select actions that are not in their best interests, such as excessive risk-taking or personal gain, to maximize their utility (McDermott, 2010). This potential conflict is a pressing issue that requires immediate attention. An essential premise of the agency theory, as observed in this study, is that managers will act immorally to promote their interests above those of shareholders, and the basic inference is that the governance's value cannot be exploited since office-holders have decisions that allow them to impound value for themselves (Turnbull et al., 2022).

As Adams (1994) points out, the agency relationship can be marred by the agent's self-interest and opportunism, leading to actions that may not align with the principal's best interests. In this context, the audience, in their role as principals, wield significant influence in the agency relationship. Their empowerment is crucial in various dimensions, where the agent may misuse power for personal gain or fail to take necessary risks in the principal's best interests. This influence is particularly important as it can correct the agent's misperceptions of threats, aligning them with the principal's risk perspective.

Baiman (1982) argues that a government official is elected or appointed to serve the public as an agent, directing and controlling resources on behalf of the people (principal). As a result, the agency theory demands a high level of public accountability between the agent and his principal, which can be achieved by adopting an IPSAS-compliant complete financial statement. This financial report, which adheres to the IPSAS guidelines, provides a comprehensive view of an entity's financial position, performance, and cash flows. According to Lenz (2012), public accountability is a function of principals' ability to appraise their agents' performance. Diansari et al. (2023) used agency theory for a similar study.

Gaps in Literature

In this study, the gap analysis maps out current practices to the desired goals of IPSAS application scholarship, which refers to the scholarly research and application of IPSAS principles and standards. This approach exposes areas that this current study highlights to contribute to academic discourse. In this study, the gap analysis is done in some areas, though not exhaustively. The ultimate goal is for clarifications only and the promotion of scholarship for a successful outing that will prevent failure and wastage of public funds. The gap analysis documents the road map of this current study to ensure that it is sufficiently detailed to actualise the study objectives. It also appreciates earlier scholarly contributions in the IPSAS literature arising from the circulation and cycle of references made in this current study. For example, many similar studies on IPSAS and accountability used Survey research design, but the coverage differs; the conceptual underpinning and the findings are also diverse. For instance, empirical review indicated that Ademola et al. (2017) used Survey research design but a few federal MDAs in Oyo State as case studies, which may limit the generalizability of the findings to other local governments in Nigeria. Furthermore, Imohiosen, and Adeyefa (2024) used secondary data without contacting the practitioners who have first hand information on the subject matter to minimise possible analysis error. Ogbuagu and Onuorah (2019); Duenya et al. (2017) established that IPSAS strengthened internal control and risk management practices and increased stakeholders' accountability.

However, this current study, in its pursuit of innovation, observed the data currency gap and utilised more current data covering 2023 to breach such gap identified in Duenya et al. (2017) and Tawiah (2023). Furthermore, Idoko et al. (2018) find that the government should strengthen anti-corruption agencies and engage professionals and technocrats to drive the IPSAS process to reflect stakeholders' expectations on financial reporting in the public sector. In contrast, this study uses rare constructs, such as Financial Information System Timeliness and Effective Decision Making, to proxy the research variables by rigorously adding to the conceptual framework of IPSAS research. This study compares the Lagos State government with earlier studies covering other jurisdictions in Nigeria.

While many studies find, as mentioned earlier, that IPSAS application significantly correlates with accountability, Tawiah (2023), Castañeda-Rodríguez (2022) find that IPSAS application has negative and statistically significant relationship with corruption. The observed diverse findings underscore the urgent need for further research. Therefore, this study focuses on specificities of relationship, using an empirical treatment of IPSAS treatment not previously exhausted to suggest accountability improvements as an innovation to earlier studies.

3 MATERIALS AND METHODS

Research Design

The study employed a survey research design, a method deemed appropriate for its ability to collect primary data from the research focus, its time-saving nature, and its potential to reduce bias by capturing respondents' primary ideas. Kuphanga (2024) supports the comprehensive and versatile nature of the questionnaire. Importantly, the survey design aligns with the focus of this study. Therefore, this study gathers primary information from accountants under the state treasury office in the Lagos State Government through a structured questionnaire, following the model of Amor and Ayadi (2019). Gomes et al. (2023) also used primary data.NO??? see Amor for use of words on motivation.

Data Collection and analysis

The collection of data require painstaking planning and gathering, necessitating being careful to maximise the reward of the efforts. Therefore, the data collected followed the Wilkinson (2016) (Findable, Accessible, Interoperable and Reusable) FAIR principle of data gathering.

The study focuses on accountants in the Lagos State government under the state treasury office who are ICAN) and ANAN members. The focus on a state is because states are contiguous to one another as they cross ideas face-to-face at their monthly Federation Accounts Allocation Committee (FAAC) meeting and as such findings in this study could gear other states in Nigeria and beyond in lessons learnt. Furthermore, the professional respondents were chosen due to their significant influence as informed people on IPSAS matters in the accounting field, which is the cornerstone of this current study. Henceforth, the population consists of 158 members of ICAN and ANAN in accounting cadre of the Lagos State government establishment as obtained from the Lagos State Treasury Office accounting cadre staff list as at August 2024. Following Abdulkarim et al. (2023) and Patrick et al. (2017) model, the targeted population constitute the appropriate informed practitioners in the study area. The setting is that of Accountants based on their role in a network of social interactions in governance. The idea is to emphasise the precise role of accounting practice, illustrating how accounting knowledge should be appropriately used, following the trend in IPSAS research. For instance, Patrick et al. (2017) used accountants in the Benue and Kogi States Treasury offices.

The study adopted the questionnaire survey idea, leveraging its advantages of sequential data collection, data availability for scalability, and wide coverage (Christensen et al., 2015). The well-designed, structured, close-ended self-answered questionnaire was used to collect data, based on Taro Yamane's 1967 formula for determining the sample size. The sample size of 100 respondents was derived, ensure a holistic coverage of the statistical sample. A random sampling technique was used for equal participation of all respondents. Yamane (1967) established a sample size calculation formula. Therefore, following Ordu and Ogbonna (2024) on taxation aspect of public finance management, the sample size was derived using the reliable Taro Yamane's formula: $n = \frac{N}{(1+N(e)^2}$

Where:

n = sample size required is unknown?

N = Population is 158.

e = signifies the level of precision or sampling error which is 0.05

1= constant

Substitute number in the formula:

$$n = \frac{158}{1+158(0.05)^2} =$$

$$n = \frac{158}{1+0.395} \quad n = \frac{158}{1.395}$$

$$n \approx 100$$

Hence, the sample size is 100 respondents.

Data validity and reliability tests

The carefully constructed questionnaire incorporated all study variables, which were measured using a five-point Likert rating scale. , with options covering 'strongly agree' to 'strongly disagree ', for its ability to capture nuanced responses. Section A covers respondents' bio-data, while Section B addresses the hypotheses. It is designed in a five-point Likert-scale format. Section B assesses the effect of the IPSAS application on accountability in Lagos State, Nigeria.

The research instrument underwent a rigorous refinement process to ensure its reliability. Postgraduate accounting students were the first to contribute, leading to initial improvements. This version was then reviewed by two postgraduate lecturers in accounting, whose input further refined the questionnaire. The refined questionnaire was then scrutinized by a professional and a consultant in public sector accounting, whose feedback was instrumental in enhancing the final version used for this study. The instrument was retested generally and for each of the constructs for reliability. The results of the general tests indicated a Cronbach's alpha of .92, showing that the instrument results are reliable as enunciated in Kalkbrenner (2021); Flora (2020).

The Descriptive statistics analysis was used to present demographic data, mainly to summarize the data such as percentages and frequencies because this study outcomes is better described for better mean and standard deviations of opinions of practitioners. This study is about the relationship between one variable and the other, therefore, inferential statistics using Pearson correlation coefficient statistical analysis r. was used because it is widely accepted for precisely measuring correlations due to its reliance on covariance. It also reveals the robustness and path of the associations among the variables (Fu et al., 2023). The probability level was set at a 5% significance level. SPSS version 25 aided the analysis.

Measurement of Variables

There are two variables in this study. Their choice follows the fair value model explained in Kartiko et al. (2018). They are the dependent and independent variables of the study. IPSAS application is the independent variable; proxied as Financial Information System Timeliness (FIST). Accountability is the dependent variable proxied as; Effective Decision Making (EFDM) and Office holder stewardship (EMPF). Thus, the constructs highlight PFM best practice of effective disclosure, communication and timeliness enshrined in open budget index developed by International Budget Practice (IBP) as explained in IBP (2015), which has been widely used in earlier PFM researches such as Peat et al. (2015).

4. RESULTS

Table 4.1: Respondents Socio-Demographic Analysis

Measure	**Construct**	**Frequency**	**Percentage**
Gender	Male	40	40
	Female	60	60
	Total	**100**	**100**
Work experience	Less than 5years	2	2
	5-10 years	38	38
	Above 10 years	60	60
	Total	**100**	**100**
Age	18-35 years	35	35
	36-50 years	53	53
	Above 50 years	12	12
	Total	**100**	**100**
Professional Status	FCA and equivalents	62	62
	ACA and equivalents	10	10
	None	28	28
	Total	**100**	**100**

Source: *SPSS v.25 output, 2024.*

Table 4.1 shows that most of the respondents are male, 60%. There were 40 female respondents, which shows that the study is gender balanced. Most of the respondents are 36 -50 years old, which is considered as 'youth' in this study, at 53%. While those aged 18-35 make up 35% of the respondents. It shows that most respondents are working class and know about the subject matter under study. 87% of the respondents have a minimum of B.Sc. and its equivalent. This result implies that the respondents are knowledgeable, making their input reliable. Most of the respondents have spent over 10 years at 62% indicating that they are well experienced.. The respondents are mainly professional accountants.

Table 4.2: Descriptive Statistics of the constructs

	Minimum	Maximum	Mean	Std. Deviation
Gender	1.00	2.00	1.40	.49
Age Brackets	1.00	3.00	1.77	.64
Educational Status	1.00	3.00	1.15	.41
Years Of Experience In Service	1.00	3.00	1.87	.78
Professional Status	1.00	3.00	1.66	.89
Quality of Information OHST	4.00	5.00	4.48	.50
Improvement in Financial Report OHST	4.00	5.00	4.36	.48
Data Timeliness FIST	4.00	5.00	4.56	.49
Processing Time efficiency FIST	4.00	5.00	4.34	.47
Users Satisfaction EFDM	4.00	5.00	4.43	.49
Accuracy of Financial Report EFDM	4.00	5.00	4.44	.49

Source: *Field Survey, 2024.*

Table 4.2 shows that the data timeliness and the Quality of information of IPSAS accountability both scored high mean scores of 4.56 and 4.48, respectively. Accuracy, user satisfaction, and processing time were also strong, with mean scores of 4.44, 4.43, and 4.34, respectively. These scores are close to the maximum obtainable of 5, and all the respondents agree with a standard deviation of below 1. This result not only demonstrates the professional competence of the respondents but also reinforces the high scores in data quality and timeliness, leaving a lasting impression on the stakeholders.

Test of Hypotheses

Table 4.3 shows the hypotheses tests results

Table 4.3: Correlations of the Dependent and Independent Variables.

		FIST	EFDM	OHST
Financial Information System Timeliness (FIST)	Pearson Correlation Sig.(2-tailed)			
Effective Decision Making (EFDM)	Pearson Correlation Sig. (2-tailed)	-.085 .401		-
Officeholder Stewardship (OHST)	Pearson Correlation Sig. (2-tailed)	.151 .133	-.146 .148	

N= 100

Source: *SPSS v.25 output, 2024.*

Hypothesis one: Table 4.3 shows that the Financial Information System has a negative, insignificant relationship with effective Decision Making in the Lagos State Government of Nigeria, at .401, higher than the set probability of .05 significance level. Hence, this study supports the null hypothesis and concludes that IPSAS application in terms of financial information system timeliness has no significant relationship with accountability in terms of Effective Decision Making in the Lagos state government of Nigeria. The result supports the findings in Tawiah (2023).

Hypothesis two: Table 4.3 shows that Financial Information System Timeliness has a negative, not significant relationship with Office holder stewardship in Lagos State government of Nigeria, at .148, which is higher than the set probability of .05 significance level. Hence, this study accepts null hypothesis two and concludes that the IPSAS application regarding financial Information System Timeliness has no significant relationship with accountability regarding officeholder stewardship in Lagos State, Nigeria. The relationship is in reverse order. The result supports the findings in Castañeda-Rodríguez (2022).

5. DISCUSSIONS AND CONTRIBUTIONS

Discussion

Table 4.3 shows that the IPSAS application has a negative insignificant relationship with effective decision-making and stewardship accountability measures. These findings add to the diverse views about IPSAS attributes. For instance, some scholars argue that IPSAS is a potential constraint of corruption because it can generate reliable, comprehensive, and timely financial information (Ogbuagu & Onuorah, 2019; Tawiah, 2023). The reliable and comprehensive information from the IPSAS application improves public funds management, reducing corruption (Slama, 2024; Tolyemi et al., 2020). They explained that IPSAS addresses the deficiencies in traditional accounting systems as it reduces corruption. This study underscores the potential of IPSAS to curb corruption significantly despite the challenges and differing scholarly views.

For instance, in the early days of cash IPSAS, Parry-Michael and Wynne (2009) warned against accrual -IPSAS. They criticized accrual accounting as being detrimental to good governance. They opined that accrual- IPSAS is facing challenges again with insignificant negative findings on its relationship with accountability (Everett et al., 2007). Parry-Michael and Wynne (2009) argue that IPSAS 22 has already addressed essential disclosure requirements in government accounting. They argue that accrual-IPSAS could lead to misinformation because of the fundamental difference between government and private business accounting systems. This study observes that the issue of what constitutes government assets has not been adequately addressed. For example, some government assets are still being wasted. There is no adequate disclosure of their treatment in the books despite the accrual IPSAS application because of the possibility of manipulation of accounting records for selfish reasons, in which case government officials sell government assets to themselves under the falsehood of ridiculous assets book balances that accrual IPSAS has not exposed,' cabbage in-cabbage out'.

The negative findings emanating from this study underscore the urgent need to focus on jurisdictional cultural differences and the integration of cultural ideology in accounting reforms, as Abdulkarim et al. (2023) advocated. They find that culture and language could aid the convergence ideology of IPSAS. The negative association between IPSAS application and accountability could otherwise expose corruption. Furthermore, given that IPSAS involves discretionary measures, stewardship could be window-dressed to hide bribes and abuse of office. It could be challenging to detect because no law has been seen to guide truthful accounting documentation.

Furthermore, Tawiah (2023) finds that the negative relationship between IPSAS and accountability is more pronounced with jurisdictions that have applied accrual-IPSAS, like the Lagos State Government. Hence, this study shows that some governments, such as Lagos State, know their onions and comply with standard accountability expectations in line with the agency theory principle. Therefore, the IPSAS relationship with accountability continues to be a subject of intense debate. The question of whether or not IPSAS would contribute to ensuring accountability and transparency in government non-business organizations remains a controversial and pressing issue, demanding further research and discussion.

Conclusion

This study concludes that there is a negative but not significant relationship between accrual- IPSAS application and Accountability in Lagos State Government of Nigeria because the State practices effective decision-making and stewardship for other developing economies jurisdictions to emulate

Contributions to Knowledge

1. This study, conducted in a developing economy where similar research is scarce, provides unique insights into the relationship between accrual-IPSAS application and Accountability.
2. This study contributes a unique questionnaire that is available for reference in further studies.
3. This study expanded the constructs of IPSAS by adding a new IPSAS application measurement of Office holder stewardship. This measurement assesses the effectiveness of officeholders in managing public resources and making decisions that benefit the public, serving as an innovation for methodological soundness.

Policy implications

The findings of this study underscore the need for further research and discussion. The framework of Agency theory has contributed to the understanding of officeholders' roles in public governance. For instance, it has highlighted the role of incentives and monitoring in shaping the behaviour of these officeholders, emphasizing the importance of their service to the fatherland. Furthermore, many scholars who have researched the issue argue that implementing IPSAS would promote accountability and transparency. However, there are contrasting views. Some argue that the cost of implementing IPSAS could outweigh its benefits, potentially harming public sector accountability (Olurankinse, 2016). These diverse opinions highlight the need for further research and discussion. IPSASB and accounting scholars could dig deeper into the causes of these discrepancies, despite the IPSASB's assertions on the benefits of IPSAS.

Limitation and suggestion for future study

This study covers a specific jurisdiction at a specific period, other jurisdictions could be addressed in further research. The result also reflects the social context of specific IPSAS attributes concerning PFM. Other areas in PFM could be interrogated in future studies. The study's findings underscore the importance of adopting truthful accrual-IPSASs in all public sector institutions. This is not just a recommendation, but a crucial step towards better management, accountability, and transparency in financial reporting.

References

Abata, M. A. (2022). The effects of IPSAS on financial reporting quality of local government in Lagos State. *FUOYE Journal of accounting and management*, *5*(2).

Abdulkarim, M. E., Umlai, M. I., & Al-Saudi, L. F. (2023). Culture, language, and accounting reform: a new perspective on IPSAS implementation. *Journal of Accounting & Organizational Change*, *19*(2), 376-400.

Adams, M. B. (1994). Agency theory and the internal audit. *Managerial auditing journal*, *9*(8), 8-12.

Ademola, O. A., Adegoke, A. K., & Oyeleye, A. O. (2017). Impact of International Public Sector Accounting Standards (IPSASs) Adoption on Financial Accountability in Selected Local Governments of Oyo State, Nigeria. *Asian Journal of Economics, Business and Accounting,* 3(2), 1 – 9.

Adeyemo, K. A., Ajibolade, S., Uwuigbe, U., & Uwuigbe, O. R. (2017). Mandatory adoption of International Financial Reporting Standards (IFRS) by Nigerian Listed Banks: Any implication for value relevance? https://core.ac.uk/download/85162331.pdf

Akinleye, G. T., & Alaran-Ajewole, A. P. (2018). Effect of International Public Sector Accounting Standards (IPSASs) on Information Delivery and Quality in Nigeria. *Research Journal of Finance and Accounting,* 9(6), 147-163.

Al-Faryan, M. A. S. (2024). Agency theory, corporate governance and corruption: an integrative literature review approach. *Cogent Social Sciences*, *10*(1), 2337893.

Amor, D. B., & Ayadi, S. D. (2019). The profile of IPSAS-adopters. *Accounting and Management Information Systems*, *18*(2), 262-282.

Atuilik, W. A., & Salia, H. (2019). Impact of IPSAS adoption on transparency and accountability in managing public funds in developing countries: Evidence from Liberia. *Journal of Accounting and Taxation*, *11*(6), 99-110.

Baiman, S. (1982). Agency Research in Managerial Accounting: A Survey. *Journal of Accounting Literature,* 1(1), 154-213.

Castañeda-Rodríguez, V. (2022). Is IPSAS implementation related to fiscal transparency and accountability? *BAR-Brazilian Administration Review*, *19*, e210071.

Christensen, L. B., Johnson, B., Turner, L. A., & Christensen, L. B. (2015). Research methods, design, and analysis. 12th edition, Pearson, New York.

Diansari, R. E., Musah, A. A., & Binti Othman, J. (2023). Factors affecting village fund management accountability in Indonesia: The moderating role of prosocial behaviour. *Cogent Business & Management*, *10*(2). https://doi.org/10.1080/23311975.2023.2219424

Duenya, I. M., Upaa, J. U., & Tsegba, I. N. (2017). Impact of International Public Sector Accounting Standards adoption on Accountability in public sector financial reporting in Nigeria. *Archives of Business Research, 5(*10), 41-56. https://doi.org/10.14738/abr.510.3693

Ejekwonyilo, A. (2021). How Nigeran Banks Helped Maina to Steal Pensioners N2 Billion. *Premium Times* November 8 premiumtimesng. com/news/headlines/494175-how-nigerianbanks-helped-maina-to-steal-pensioners-n2.

Eromosele, F. (2021). Anti-graft Agency has Convicted Pension Fraud to the Tune of N157 Billion. *Vanguard* October 5, vanguardngr.com/2021/10/just-in-nigerias-pension-fraud-hitsn157bn-efcc/

Flora, D. B. (2020). Your coefficient alpha is probably wrong, but which coefficient omega is right? A tutorial on using R to obtain better reliability estimates. *Advances in Methods and Practices in Psychological Science*, *3*(4), 484-501.

Fu, X., Wang, X., & Xian, Y. (2023). Enhancing Image Encryption with the Kronecker xor Product, the Hill Cipher, and the Sigmoid Logistic Map. Applied Sciences, 13(6), 4034.

Gomes, P., Brusca, I., Fernandes, M. J., & Vilhena, E. (2023). The IPSAS implementation and the use and usefulness of accounting information: a comparative analysis in the Iberian Peninsula. *Journal of Public Budgeting, Accounting & Financial Management*, *35*(1), 12-40.

Harun, H., Eggleton, I. R., & Locke, S. (2021). An integrated model of IPSAS institutionalisation in Indonesia: a critical study. *International Journal of Public Sector Management*, *34*(2), 155-170.

Williamson, C. D. (2004). *The development of stewardship relationships between managers and their principals: A study of the effect of three organizational/cultural variables*. Regent University.

Idoko, F. I., Teru, S. P., & Aminu, M. T. (2018). International public sector accounting standards (IPSAS) Nigeria as a correlate to transparency and accountability. *Journal of Finance and Accounting*, 6(5), 110-116.

Imohiosen, D., & Adeyefa, A. (2024). Fraud and Corruption in Nigeria: A historical investigation and an overview of the theory of punishment. *Nigerian Journal of Management, 25* (1b), 347-358. https://nigerianjournalofmanagementsciences.com

International Budget Partnership. (2015). *Open budget survey 2015*. Retrieved from http://www.internationalbudget.org/wp-content/uploads/OBS2015-Report-English.pdf

IPSASB. (2023). *Handbook of international public sector accounting pronouncements. https://www.ipsasb.org*

Jensen, M. C., & Meckling, W. H. (2019). Theory of the firm: Managerial behavior, agency costs and ownership structure. In *Corporate Governance* (pp. 77-132). Gower.

Kalkbrenner, M. T. (2021). Alpha, Omega, and *H* Internal Consistency Reliability Estimates: Reviewing These Options and When to Use Them. *Counseling Outcome Research and Evaluation*, *14*(1), 77–88. https://doi.org/10.1080/21501378.2021.1940118

Kartiko, S. W., Rossieta, H., Martani, D., & Wahyuni, T. (2018). Measuring accrual-based IPSAS implementation and its relationship to central government fiscal transparency. *BAR-Brazilian Administration Review*, *15*, e170119.

Kuphanga, D. (2024). Questionnaires in Research: Their Role, Advantages, and Main Aspects. 10.13140/RG.2.2.15334.64325.Retrieved on December 15, 2024, from https://www.researchgate.net/publication/378868278_

Lenz, G. S. (2012). *Follow the leader?: how voters respond to politicians' policies and performance*. University of Chicago Press.

MacAuthur Foundation. (2022). $19.2 Million to Strengthen Nigeria's Investigative Journalism and Independent Media Ecosystem to Counter Corruption. Retrieved on November 20, 2024 from https://www.macfound.org/press/press-releases/$192-million-to-strengthen-nigeria

McDermott, P. (2010). Building open government. *Government Information Quarterly*, *27*(4), 401-413.

Mnif, Y., & Gafsi, Y. (2020). A contingency theory perspective on the analysis of central government accounting disclosure under International Public Sector Accounting Standards (IPSAS). *Meditari Accountancy Research*, *28*(6), 1089-1117.

Ogbuagu, N. M., & Onuorah, J. K. J. (2019). Effect of IPSAS adoption on accountability and transparency in the Nigerian public sector organizations. *Journal of accounting and financial management*, *5*(3), 65-80.

Okoye, E. I. & Ani, W. U. (2004). *Analysis of Government and Public Sector Accounting, Nimo*: Rex Charles and Patrick Limited.

Olaoye, F. O., & Talabi, A. O. (2018). International Public Sector Accounting Standards (IPSAS) and credibility of financial reporting in Nigeria public sector: an improvement or a ruse. *Research Journal of Finance and Accounting*, *9*(14), 68-74.

Olurankinse, F. (2016). 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. *European Journal of Business, Economics and Accountancy* Vol. 4, No. 5.

Ordu, C. U. & Ogbonna, F. I. (2024). Tax evasion and Tax revenue evidence from Federal Inland Revenue Services. *Nigerian Journal of Management, 25* (1b), 480 - 494. https://nigerianjournalofmanagementsciences.com

Oyewobi, I., & Salawu, R. (2024). Determinants of the Adoption of International Public Sector Accounting Standards in Lagos State. 3. 57-65.

Parry-Michael, M., & Wynne, A. (2009). The cash basis IPSAS: An alternative view. *International Journal of Government Financial Management*, *23*.

Patrick, E. A., Danladi, O. A., Caleb, A. J., & Linda, J. U. (2017). Accountants' perceptions of IPSAS application in Nigerian public sector financial management and reporting. *Journal of Economics, Management and Trade*, *19*(3), 1-22.

Peat, M., Svec, J., & Wang, J. (2015). The effects of fiscal opacity on sovereign credit spreads. *Emerging Markets Review*, *24*(September), 34-45. https://doi.org/10.1016/j.ememar.2015.05.001

PricewaterhouseCoopers. (2014, August 1). *Collection of information related to the potential impact, including costs, of implementing accrual accounting in the public sector and technical analysis of the suitability of individual IPSAS standards*. Retrieved from http://www.pwc.be/en/publications/2014/epsas_oct_2014.pdf

Raphael, E., Jeremiah, M., & Jeremiah, O. (2020). Accountability in the Public Sector: The Role of Professional Accountants in the Present Democracy in Nigeria. *European Journal of Business and Management Research*. 5. 10.24018/ejbmr.2020.5.1.199.

Slama, F. B. (2024). International Public Sector Accounting Standards and economic growth: An international study of IPSAS adoption and experience. *Journal of Accounting and Management Information Systems*, *23*(3), 483-506.

Tawiah, V. (2023). The impact of IPSAS adoption on corruption in developing countries. *Financial Accountability & Management*, *39*(1), 103-124.

Tolyemi, S. T., Inyada, S., & Ibitoye, T. T. (2020). Effect of IPSAS on accountability and transparency in selected states of Nigeria. In *Proceedings of the 7th Annual International Academic Conference on Accounting and Finance Disruptive Technology: Accounting Practices, Financial and Sustainability Reporting*.

Tormusa, D. O., & Idom, A. M. (2016). *The Impediments of Corruption on the Efficiency of Healthcare Service Delivery in Nigeria*. Retrieved on November 20 . 2024 from https://doi.org/10.18785/ojhe.1201.03

Transparency International. (2024). Corruption Perceptions Index-Nigeria data. Retrieved on November 20, 2024 from https://www.transparency.org/en/countries/nigeria

Turnbull, G. K., Waller, B. D., & Wentland, S. A. (2022). Mitigating agency costs in the housing market. *Real Estate Economics*, *50*(3), 829-861.

UNECA. (2023). Quality assurance policy. Retrieved on November 20, 2024 from https://repository.uneca.org/handle/10855/50000?show=full

Wilkinson, M. D. (2016). The FAIR Guiding Principle for Scientific Data Management and Stewardship: Comment.

Yakubu, D. (2020). 32% Nigerians Paid Bribe for Public Service Recruitment in 2019" Vanguard February 2020 https://www.vanguardngr.com/2020/02/32-nigerians-paid-bribe-for-public-service-recruitment-in-2019-%E2

Yamane, T. (1967). *Statistics: An Introductory Analysis,* (2nd ed.). New York, NY: