International Journal of Innovative Research in Accounting and Sustainability
ISSN: 2736-1381 (Print), ISSN 2736-1500 (Online)
Vol. 9, No. 2, 2024

International Public Sector Accounting Standards and Faithful Representation in Financial Reporting: Evidence from Higher Institutions in North-East, Nigeria

***Danjuma MOHAMMED (PhD)[1] & Abdu Yakubu MOHAMMED (PhD)[2]**
Department of Accounting, Adamawa State University, Mubi
Bursary Department, Federal Polytechnic Bali, Taraba State

***Corresponding Author:** mohammed509@adsu.edu.ng

Abstract

This study examines the relationship between International Public Sector Accounting Standards (IPSAS) and faithful representation in financial reporting of higher education institutions in selected North-East states of Nigeria. The research employed a mixed-methods approach, including a survey of accountants, internal auditors, and finance officers in the Federal Higher Institutions of Bauchi, Gombe, and Taraba States, Nigeria and ex post factor. The study objective is to examine the relationship between IPSAS adoption and faithful representation of financial reporting for higher education institutions. The research found that IPSAS adoption has a positive and significant relationship with faithful representation in financial reporting for higher education institutions. This finding suggests that the adoption of IPSAS could be a crucial step in ensuring consistency, transparency, and accountability in the financial reporting of higher education institutions. The study also found that the effective implementation of IPSAS requires adequate resources and training. Institutions must invest in training programs to ensure that their staff members are familiar with the IPSAS guidelines and can apply them effectively. The study findings suggest that IPSAS adoption enhances consistency, transparency, and accountability in financial reporting practices. Therefore, it recommends that higher education institutions in North-East Nigeria consider the adoption of IPSAS as a fundamental step towards improving their financial reporting practices.

Keywords: Faithful representation, financial Reporting, IPSAS, transparency, accountability, public sector.

1. Introduction

Faithful representation in financial reporting is a topic of interest for scholars, the accounting community, and other users of accounting information. Financial reporting has always made it possible for users to access financial data, which explains why. According to Dabor and Aggreh (2017), IPSAS assists government agencies in producing quality financial reports that guarantee consistency and cross-border comparability in financial reporting. Numerous factors, such as lagging, crony capitalism, poor accounting, complicated laws, and insufficient regulation, can result in low-quality financial reporting (Atuilik & Salia, 2019).

The portion of the economy under government control is known as the public sector. It is composed of groups or teams that carry out laws for the benefit of all locals. The government and all other publicly owned, controlled, and/or supported companies, organisations, and other government agencies that provide public goods, services, or initiatives are collectively referred to as the "public sector." The government is the acknowledged authority in charge of a country or state's overall welfare, development goals, and security, among other things. It is essential that the government answer to the people financially. For the benefit of the people, the government is in charge of public resources. Governments all across the world have relied on financial reporting as their main tool to guarantee financial accountability (Babatunde, 2017).

Globally, nations have established and codified regulations concerning financial reporting within their borders over time. Conversely, globalisation has resulted in a rise in international trade, international cooperation, and global commerce. Consequently, in order to ensure that financial statements continue to be understandable and give consumers everywhere access to the same information, there is an urgent need for greater uniformity in the standards governing financial statement compilation (Duenya et al. 2017). The adoption of International Public Sector Accounting Standards (IPSAS) by the public sector for financial reporting was primarily motivated by the need for uniform accounting standards. Government agencies adopted IPSAS as a follow-up to International Financial Reporting Standards (IFRS), which became the standard for multinational corporations. With the exception of government commercial companies, public sector firms are subject to IPSAS regulation regarding accounting (Atuilik & Salia, 2019). Surprisingly, in response to calls for greater government financial responsibility and transparency, IPSAS is currently at the centre of a global accounting revolution (Abimbola et al. 2017). A set of accounting standards known as the IPSAS was developed by the International Public Sector Accounting Standard Board (IPSASB) in response to demands for greater value relevance, financial accountability, and transparency from the government. These guidelines control accounting in government. International organisations that accept and recognise IPSAS include the UN, World Bank, and IFAC, among others. In order to follow international best practices, international organisations thus urge nations to harmonise their national accounting standards with IPSAS.

Transparency, accountability, and uniformity are encouraged by IPSAS. The use and consequences of IPSAS have drawn the attention of government regulators, lawmakers, practitioners, and academics lately (Dabor & Aggreh, 2017). Accrual accounting is prioritised over cash accounting by the IPSAS. According to Duenya et al. (2017), accrual accounting is thought to be crucial for improved accountability and efficient decision-making in the public sector, which promotes good governance and economic advancement. General Purpose Financial Statements (GPFSs) are prepared and presented using accrual-based IPSAS, which guarantees accurate recognition, measurement, and sufficient disclosure of all relevant items, transactions, and events.
Nigeria's adoption of IPSAS may have an impact on the standard of financial reporting. Governments must handle public funds in an open and transparent manner in order to preserve public confidence. Additionally, accrual-based IPSAS has been shown to support a more transparent financial status in public sector organisations worldwide (Duenya et al. 2017).

It is thought that by utilising an international reporting system like IPSAS, accountability can be guaranteed and fraud and corruption can be decreased. This reasoning supports the idea that governments can manage their revenue, expenses, payables, and receivables more effectively by implementing IPSAS. International Public Sector Accounting Standards (IPSAS) were adopted in response to the need for more stringent requirements for the identification, measurement, presentation, and disclosure of transactions and events in general-purpose financial statements. While the private sector has long since embraced the accrual method of accounting, the government has not. The accrual method has proven effective in the private sector, despite the difficulties arising from the public sector's continued use of the cash basis. The inability of the cash basis of accounting to present a true picture of financial transactions is the root of these issues. These issues include a high degree of manipulation susceptibility, inefficient use of limited resources, a lack of accountability and transparency, and insufficient disclosure laws. The areas of financial reporting that need to be improved, according to IPSAS 1, are faithful representation, consistency, timeliness, verifiability, fairness, relevance, and understandability.

Thus, high-quality financial reporting would probably be ensured by federal postsecondary institutions that provide these attributes in public sector financial statements. According to Ijeoma and Oghomeh (2014), the adoption of IPSAS will facilitate financial data comparison for the public sector and improve and broaden the identification, measurement, presentation, and disclosure of financial transactions. Sour (2012) concluded that there is a good chance that Mexico will achieve financial information harmonisation and comparability if the IPSAS model is accepted and implemented at all levels of government. As a result, there would be more transparency and trust. All of these claims suggest that financial reporting in higher education may be impacted by faithful representation. Therefore, there is a research gap in figuring out how the standard affects government ministries, departments, and agencies in promoting the quality of financial reporting. For example, accrual accounting—the cornerstone of IPSAS—is successfully applied in the public sector, which is one of the many reasons in favour of the standards' adoption. Thus, with an emphasis on institutions in the Nigerian states of Bauchi, Gombe, and Taraba, this study explores the relationship between financial reporting and faithful representation of higher education in Nigeria.

2. Literature Review

Acho (2014) looked at the difficulties the Nigerian public sector faced in implementing international public sector accounting standards, or IPSASs. The questionnaire was used in a random sampling technique to collect data for the study, which looks at the challenges that Nigeria faces in adopting IPSAS. A five-point Likert scale and a straightforward percentage were also employed in the data analysis process. The study's conclusions showed that IPSAS adoption would greatly enhance the Nigerian public sector's accounting, financial reporting, and recording system, which would undoubtedly improve comparability and other bad practices in the sector. Based on the results, the researcher suggested that IPSAS be implemented by the government to create a better financial reporting system.

Hussein and Williams (2018) studied the beneficial effects and difficulties of Liberia's adoption of international public sector accounting standards. The primary factors influencing Liberia's adoption of the International Public Sector Accounting Standards (IPSAS) were the subject of the study. Analysis of Variance was used to test the hypotheses and analyse the study data using descriptive statistics (ANOVA). The findings demonstrate that Liberia's implementation of IPSAS enhances the dependability of official accounting data and harmonizes government financial accounting with the highest international standards. Accordingly, the paper suggests that governments in developing nations accelerate the adoption of accrual basis IPSAS. The expectations, advantages, and difficulties of Nigeria's adoption of International Public Sector Accounting Standards (IPSAS) were investigated by Ijeoma and Oghoghomeh (2014). The study used descriptive analysis, the Kruskal Wallis test, the Chi-square test, and primary data. It was discovered that improving financial statement comparability will result from the implementation of IPSAS. It was also demonstrated that the implementation of IPSAS-based standards will enhance the quality of Nigeria's financial reporting system and allow decision-makers to receive more insightful information.

Udeh and Sopekan (2015) investigated the quality of public sector financial reporting in Nigeria as well as the implementation of IPSAS. The study's main focus was on how Nigerian public sector organisations' financial reporting quality was affected by the implementation of International Public Sector Accounting Standards (IPSAS). An original source of information was used. Both the Kruskal Wallis test and the chi-square test were used. The study's conclusions demonstrated that Nigerian public sector organisations' financial reporting would become more dependent upon the implementation of IPSAS. The study also discovered that the results of financial reporting by public sector organisations would be comparable if IPSAS were applied to public sector financial reporting. The conclusion reached was that IPSASs could provide a higher level of assurance regarding financial integrity. The study made two recommendations: improving legislative capacity to counterbalance executive power and reforming public financial management.

Dabor and Aggreh (2017) focused on Federal ministries in Abuja while analysing the opportunities and difficulties of IPSAS adoption by the Nigerian public sector. The study used primary data that was examined using chi-square and the statistical Z-test method. The study's findings suggested that using IPSAS will improve the accuracy of reports produced by Nigeria's public sector. Because of the aforementioned benefits that come with adopting an accrual-based government financial reporting system, the study endorses and recommends its adoption. The views of accountants regarding the acceptance of IPSAS in Nigerian public sector financial management and reporting were investigated by Egbunike, Onoja, Adeaga, and Utojuba (2017). Questionnaires from the offices of the Accountant General and Auditor General of Kogi and Benue States were used to collect data from a sample size of 283 respondents. The primary data were analysed using SPSS Version 20 and the following metrics: mean, standard deviation, line graph estimated marginal means, and General Linear Model Univariate analysis. According to the study, the Nigerian public sector's financial management and reporting are more accountable and transparent when IPSAS is used. The Nigerian public sector will be able to produce financial accounting reports of higher quality with the adoption and application of IPSAS. Therefore, the study suggests, among other things, that the Federal Republic of Nigeria's constitution and the regulatory framework for financial management and reporting in Nigeria be amended to incorporate the requirements of IPSAS.

A study was carried out by Samuel (2020) to evaluate the advantages and difficulties associated with implementing International Public Sector Accounting in Ethiopian public sectors. Document analysis and interviews with relevant members of Ethiopia's accounting and auditing board served as the study's triangulation techniques. The findings demonstrate how IPSAS adoption improves management accountability and transparency by delivering accurate and timely annual financial reports. Implementing IPSAS in public sectors was hampered by a lack of funding for staff training, a shortage of qualified professionals in the fields of asset valuation and public sector accounting, difficulties recognising, measuring, and valuing assets, and a lack of management commitment. Accordingly, the study suggested that, to improve the comparability of financial reports, the government should make a commitment to implementing IPSAS.

Aduwo (2019) evaluated the degree to which international public sector accounting standards improved the efficacy of budget implementation in the Nigerian public sector and examined the impact of these standards on the effective management of public funds in the country's public sector. All 18 Local Governments in Ondo State that have employees working in the finance department made up the study's population. The purpose of the questionnaire was to collect data from the chosen respondents. The effective management of public funds in the Nigerian public sector is significantly impacted by international public sector accounting standards, according to a study that used multiple regression analysis and Pearson's correlation statistics. The report suggested that the federal government allocate funds to support the implementation of IPSAS and provide funding for civil servants to receive training on software compliant with the International Public Sector Accounting Standards.

Opanyi (2016) investigated how Kenya's public sector's financial report quality was affected by the country's adoption of international public sector accounting standards. The study's main focus was on how IPSAS adoption affected financial report quality in terms of satisfying decision-usefulness requirements. With the 19 ministries that make up Kenya's national government as its target population, the study used a descriptive survey design. Descriptive statistics and the t-test for differences were used in the collection and analysis of the data. According to the study, the implementation of IPSAS led to an improvement in the qualitative aspects of comparability in financial reporting. Relevance, timeliness, and accurate portrayal decreased, but the qualitative aspects of understandability did not. The study also showed that the quality of financial reports in Kenya's public sector is thought to be moderately impacted by the adoption of IPSAS. Among other recommendations made by the study was that the GOK gradually switch from the current cash basis IPSAS adoption to accrual basis IPSAS standards. In order to determine the obstacles to IPSAS implementation in the Nigerian public sector, (Beredugo 2021) carried out a study.

The different respondents were asked questions using a structured questionnaire. Accountants, auditors, and cash officers working for South-East Nigerian government ministries, departments, and agencies make up the study's population. Stratified sampling was used to determine the sample size, which came out to be 387. For the hypothesis test, the Analysis of Variance (ANOVA) was employed. The findings demonstrated that, among other things, statutory adjustment, insufficient funding, institutional commitment, and governments' lack of political will to fully implement IPSAS in Nigeria are the obstacles preventing the system from being fully implemented. Since most Public Sector Entities blamed a lack of funding for their inability to implement IPSAS Accrual, the study recommended that adequate funding be provided for the IPSAS implementation projects.

The impact of international public sector accounting standards (IPSAS) on financial reporting in Nigerian federal agencies was examined by (Ogiriki, et al., 2021). Through primary and secondary sources, data were gathered. Appropriate econometric tests were employed for their analysis. The findings show that the Nigerian public sector will greatly benefit from the implementation of IPSAS-Accrual, which will raise accountability and transparency levels. The government's ability to generate revenue is improved by the adoption of IPSAS. The study concluded, based on the results, that IPSAS Accrual should be fully implemented due to its impact on reporting practices and government operating procedures in the Nigerian public sector. The government must give finance employees and auditors comprehensive training on how to apply IPSAS. In order to determine the obstacles to IPSAS adoption in the Nigerian public sector.

Beredugo, (2021) carried out a study the respondents, who included accountants, auditors, and cash officers from government ministries, departments, and agencies in the states of Abia, Anambra, Enugu, Ebonyi, and Imo, were questioned using a structured questionnaire. For the hypothesis test, the Analysis of Variance (ANOVA) was employed. The findings demonstrated that, among other things, statutory adjustment, insufficient funding, institutional commitment, and governments' lack of political will to fully implement IPSAS in Nigeria are the obstacles preventing the system from being fully implemented. Since most Public Sector Entities blamed a lack of funding for their inability to implement IPSAS Accrual, it was recommended that adequate funding be provided for the IPSAS implementation projects. The impact of IPSAS adoption on financial accountability, transparency, and credibility of financial management at the local level of government in Ogun State was studied by (Balogun & Fatogun, 2022). This study made use of the primary data source.

Respondents from all of the chosen local governments in Ogun State were given questionnaires. Regression analysis was used to test the hypotheses and analyse the data in order to determine how the adoption of IPSAS affected the financial accountability and transparency of local government in Nigeria. The study's findings demonstrate that the implementation of IPSAS significantly improves financial accountability and the legitimacy of financial management at the local government level. Since the implementation of IPSAS has greatly raised and improved the degree of financial accountability, transparency, and credibility of financial management in local government, this study suggests that the government enforce the adoption of IPSAS. The majority of the studies in the reviewed literature all agreed that the public sector's ability to provide qualitative and comparable financial information, as well as the quality of financial reporting, is significantly impacted by the adoption of IPSAS.

2.1 IPSAS Implementation in Nigeria

Reforms such as the International Public Sector Accounting Standards (IPSAS) developed by the International Federation of Accountants are a result of the worldwide push for better public sector financial management, budgetary discipline, greater governance, accountability, and transparency. IPSAS encourages economic development, lowers the total cost of capital, improves the comparability of financial data, attracts foreign investment, and aids in the resource allocation of public institutions via its robust governance, quality, and regulatory frameworks. Nigeria implemented institutional, financial, and economic changes in order to bolster its economy, which necessitates good governance. Unfortunately, not enough was done to confront the bad leadership, which led to the abuse of power, corruption, misuse of public funds, and disintegration of law and order. In 2010, the Federal Executive Council of Nigeria launched IPSAS for the public sector with the goal of improving the nation's accounting and financial reporting system and bringing it into compliance with international standards. Despite its potential to strengthen internal controls, encourage financial and resource stewardship, increase financial transparency, and enhance decision-making efficiency, Nigeria's three tiers of government may not fully implement IPSAS due to political party alignment, lack of funding, and lack of expertise.

2.1.1 Faithful Representation

Faithful representation is another qualitative characteristic used for measuring financial reporting quality. Faithful representation is an accounting concept that entails that an entity’s financial statements should be prepared and presented in a way that accurately reflects the real state of affairs of that entity and the conditions in which it operates. To put it another way, faithful representation means that the data included in the financial statements should accurately depict the economic activities of an entity that take place over a given period, including its obligations, resources, and transactions. The information should also be complete, impartial, and free of significant errors (IASB, 2010). According to Botoson (2004), it is challenging to evaluate faithful representation only based on an analysis of the annual report since knowledge of the real economic activity is also important and is required to provide accurate representation.

Neutrality, or the lack of bias meant to achieve a preset outcome or to incite a specific behaviour, is the initial idea of faithful depiction. Information that is neutral does not colour the message it conveys to sway behaviour in one way or another (IASB, 2008). Neutrality, according to Jonas and Blanchet (2000), is about balance and objectivity. The second proxy for truthful representation relates to the non-biasedness problem. Since the economic phenomena included in the annual report are often measured under unclear circumstances, a report can never be entirely free from prejudice. The yearly report contains a large number of estimations and assumptions. While perfect impartiality is unachievable, financial reporting data must have a certain degree of accuracy in order to be helpful in making decisions. It is anticipated that the implementation of IPSAS would improve complete disclosure of financial data, meeting the requirements of various users (Ozugbo, 2009). Adoption of IPSAS, in Ozugbo's opinion, would end partial financial transparency, which is now practiced by the majority of government agencies. The complete representation will improve the financial reporting's substance, applicability, and competitiveness on a global scale.

2.2 IPSAS Adoption and Faithful Representation of Public Sector Financial Statements

According to Ozugbo (2009), the use of IPSAS is anticipated to improve comprehensive disclosure of financial data, meeting the requirements of various users. Adoption of IPSAS would also end partial financial transparency, which is now practiced by the majority of government agencies. Transactions and other events should be reported according to their content, not only their legal form, in order for financial statements and information to reflect honest representation. The quality of financial reporting will be improved via accurate representation in terms of its substance, applicability, and global competitiveness. Prescribe disclosure standards for a government that chooses to include data about the general government sector (GGS) in its consolidated financial statements is the aim of IPSAS.

A clearer understanding of the connection between the government's nonmarket and market operations and financial reporting may result from the revelation of pertinent information regarding the GGS. If a government chooses to publish financial information about the general government sector and compiles and publishes consolidated financial statements using the accrual method of accounting, it must comply with IPSAS criteria. To finance its service delivery endeavours, governments generate revenue via taxes, transfers, and a variety of nonmarket and market activities. They serve their people by operating via a number of businesses to provide products and services. Some organisations pay their service delivery operations largely by appropriations or allocations from taxes or other government income, although they may sometimes engage in extra revenue-generating ventures, such as commercial ventures. Commercial activity may be the primary or significant source of funding for other companies. Among them are Government Business Enterprises (GBEs), as described in IPSAS paragraph 15.

A summary of the government's assets and liabilities, the cost of the services it provides, and the taxes and other income it receives to pay for those services are all included in the financial statements for a government that are produced in accordance with IPSASs. Only controlled firms are consolidated in financial statements. Financial reporting statistical bases do not impose such a restriction. State/provincial and municipal government units are consolidated in the financial accounts of certain jurisdictions because the national government oversees them, but not in others. Every jurisdiction combines the GGS of all governmental levels under the statistical bases of financial reporting; hence, in certain jurisdictions, the GGS will include units that financial statements do not consolidate. The consolidated financial accounts of a government are broken down by IPSAS. As a result, it forbids the presentation of any entity not consolidated inside a government's financial accounts as part of the GGS.

3. Data and Methods

This study is a cross-sectional survey research that offers numeric elucidations of approaches within the target population by studying a sample of the population. Data was collected from the sample with the tenacity of making statements concerning the entire population. Furthermore, quantitative research methods are applied in the search to boost the study findings and add to the methodology of faithful representation characteristic of financial reporting quality and IPSAS in the eight (8) Federal Higher Institutions (FHI's) in Bauchi, Gombe, and Taraba States of Nigeria. The population of the study is 240, consisting of Accountants, Internal Audit staff, and other employees from the Bursary Unit. The component of the population is Abubakar Tafawa Balewa University Bauchi, Federal Polytechnic, Bauchi, Federal College of Education Jama'are, Federal University Kashere, Federal Polytechnic Kaltungo, Federal College of Education (Technical) Gombe, Federal University Wukari, and Federal Polytechnic Bali. The respondents are spread equally at 30 respondents each across the eight FHI's within the study area. A census sampling technique was applied for this study.

3.1 Model Specification

This model specification is made along with the objectives of the study.

$$IPSASAdoption_{it} = \beta o + \beta 1\ FTFR_{it} + et_{it}$$

$$IPSASAdoption_{it} = \beta o + \beta 1FTFRit + \beta 2FRSit + \beta 3FRAit + \beta 4 + et_{it}$$

Where:
FTFR= Faithful representation
FRS= Firm size
FRA= Firm Age
βo= coefficient
et= Error term

3.2 Method for Data Analysis

Regression method was performed for the study and this was adopted because it allows adjusted coefficient of determination (adj. R2) as a unit to determine and measure the relationship between dependent variable represented by financial reporting quality and independent variable IPSAS adoption. The test of difference was conducted using paired t-test.

4. Data Analysis and Discussion of Findings

4.1 Descriptive Statistics

Table 1: Descriptive Statistics

Description	SA	A	UD	D	SD	Med	Skew	Kurt
IPSAS ensures the preparation of financial reports of Federal Higher Institutions by their legal form	21 15.79	42 31.58	33 24.81	28 21.05	9 6.77	3	-1.704	5.593
Financial reports prepared by Federal Higher Institutions in line with IPSAS are accounted for and present by their economic realities.	18 13.53	36 27.07	28 21.05	41 30.83	10 7.52	3	-1.669	5.250
Financial reports prepared by Federal Higher Institutions based on IPSAS reflect neutrality.	12 9.02	53 39.85	28 21.05	36 27.07	4 3.01	3	-1.692	5.164
There is an exercise of prudence in Federal Higher Institutions when IPSAS is used in the preparation of financial reports.	17 12.78	62 46.62	26 19.55	25 18.80	3 2.26	3	-1.654	5.699
With IPSAS adoption, the financial statements of Federal Higher Institutions are faithfully represented.	47 31.34	69 51.88	7 5.26	6 4.51	4 3.01	3	-1.013	2.439

Source: Authors' Computation (2024)

Table 1 presents a summary of statistics on the survey on IPSAS adoption and faithful representation of financial statements of federal tertiary institutions in North East Nigeria. The first statement put to the respondents under this objective stated that IPSAS adoption ensures the preparation of financial reports of federal tertiary institutions by their legal form. The frequency distribution of the respondents revealed that 21(15.79%) strongly agreed and 42(31.58%) agreed. Only 28(21.05%) disagreed, and about 9(6.77%) strongly disagreed, while 33(24.88%) were undecided. The aggregate frequency of those who accepted the statement was 63(47.37%), which is further confirmed by the skewness and kurtosis values of - 1.704 and 5.593 respectively. These predict that the distribution of the responses was above the median value and heavy-tailed, relative to the normal distribution.

The second statement suggested that financial reports prepared in line with IPSAS are accounted for and presented by their substance and economic reality. The frequency of the respondents who strongly agreed was 18(13.53%) and the agreed was 36(27.07%). However, 41(30.83%) disagreed and 10(7.52%) strongly disagreed while 28(21.05%) were undecided. The total number of respondents who accepted the statement was 54(40.6%). This was corroborated by the summary statistics, skewness value of -1.669, and the kurtosis value of 5.250 which predicts that the responses were distributed with heavy-tailed relative to normal distribution.

The study further examined whether financial reports prepared based on IPSAS reflect neutrality. Of those that strongly agreed with the statement 12(9.02%) and 53(39.85%) agreed. About 36(27.07%) disagreed and 4(3.01%) strongly disagreed. The frequency of undecided was 28(21.05%). However, the aggregate frequency of acceptance was 65, representing 48.87% of the 133 respondents. This result was further confirmed by the skewness value of -1.692 and the kurtosis value of 5.164 and most of the respondents disagreed with the statement.

Furthermore, the study postulated that there is an exercise of prudence in federal tertiary institutions when IPSAS is used in the preparation of financial reports. About 17(12.78%) respondents strongly agreed and 62(46.62%) agreed. The frequency of those who disagreed with the statement was 25(18.80%), 3(2.26%) strongly disagreed and

26(19.55%) respondents were undecided about the statement. The total frequency of respondents who agreed with the statement that there is an exercise of prudence in federal tertiary institutions when IPSAS is used in the preparation of financial reports was 79(59.40%). This result is further supported by the skewness value of -1.654 indicating that the distribution was heavy-tailed above the median value.

The last statement in Table 1 states that with IPSAS adoption, the financial statements of federal tertiary institutions are faithfully represented. The frequency of the respondents who strongly agreed was 47(35.34%) and 69(46.62%) agreed. Only 6(4.51%) of the respondents disagreed with the statement, while 4(3.01%) were undecided. This means that the aggregate acceptance was 116(87.22%), which was further confirmed by the skewness value of -1.013 and the kurtosis value of 2.439. The result implies that the responses were heavy-tailed relative to normal distribution.

4.2 IPSAS Adoption and Faithful Representation of the Financial Report

Table 2: Regression Result: IPSAS adoption and faithful representation of the financial report

Variables	Coefficient	t-statistics	p-value
IPSAS	0.388	3.11	0.001
FTFR	0.068	4.02	0.000
R^2	0.569		
F-Statistics	8.773		
Pro>F	0.000		

Source: Authors' Computation (2024)

Based on the regression results presented in Table 2, both IPSAS and FTFR are statistically significant in explaining financial reporting quality in FHI's of Bauchi, Gombe, and Taraba states in Nigeria. The coefficient value of IPSAS is 0.388, which means that a one-unit increase in IPSAS implementation increases the quality of financial reporting by 38.8 units. The t-statistic of 3.11 shows that the relationship is statistically significant at a 95% confidence level, with a p-value of 0.010. Therefore, there is evidence to suggest that implementing IPSAS has a positive impact on financial reporting quality in FHI's of Bauchi, Gombe, and Taraba states.

Similarly, the FTFR variable has a coefficient value of 0.068, indicating that a one-unit increase in the FTFR score increases the quality of financial reporting by 6.8 units. The t-statistic of 4.02 shows that the relationship is statistically significant at a 95% confidence level, with a p-value of 0.000. The R-squared value of 0.569 indicates that the independent variable explains about 56.9% of the variation in financial reporting quality. The F-Statistic of 8.773 with a p-value of less than 0.05 shows that the model is statistically significant in explaining the variation in faithful representation in financial reporting.

Furthermore, the regression results suggest that IPSAS implementation and FTFR are significant determinants of financial reporting quality in FHI's of Bauchi, Gombe, and Taraba, supporting the need for regulatory authorities to strengthen IPSAS implementation and corporate governance standards in Federal Higher Institutions of Bauchi, Gombe, and Taraba States Nigeria.

5. Conclusion and Recommendations

In conclusion, IPSAS adoption in FHI's of Bauchi, Gombe, and Taraba State Nigeria has improved the quality of financial reporting in the public sector, also increased accountability and transparency, and promoted international comparability of financial reports of these states. Likewise, the implementation of International Public Sector Accounting Standards (IPSAS) has promoted transparency, accountability, and efficient financial reporting in FHI's of Bauchi, Gombe, and Taraba State Nigeria. However, the challenges of implementing IPSAS, such as inadequate expertise and technological infrastructure hinder the achievement of faithful representation in financial reporting in FHI's. Bauchi, Gombe and Taraba States of Nigeria.

Based on the findings of the study, it is recommended that the government should invest in training public sector officials on IPSAS, and improve technological infrastructure such as accounting systems, and data management for efficient and effective IPSAS implementation. In addition, the government should strictly monitor and evaluate the implementation of IPSAS to ensure compliance.

References

Abimbola, O. A., Kolawole, A. A., & Olufunke, A. O. (2017). Impact of International Public Sector Accounting Standards (IPSAS) adoption on financial accountability in selected local governments of Oyo State Nigeria. *Asian Journal of Economics, Business and Accounting*. 3(2) 1-9.

Aggreh, M. (2017). Adoption of international public sector accounting by government ministries and agencies in Nigeria. *International Journal of Marketing &Financial Management,* 5(5), 52-66.

Atuilik, W. A., Adafula, B., & Asare, N. (2016). Transitioning to IPSAS in Africa: an analysis of the benefits and challenges. *International Journal of Social Science and Economic Research,* 1(6), 676- 691.

Balogun, S. B., & Fatogun, O. I. (2022). Adoption of the international public sector accounting standards (IPSAS) on financial accountability and transparency of selected local governments in Ogun State. *Ife Social Sciences Review*, 30(2), 77-85

Cornforth, C. (2003). *The changing context of governance- emerging issues and paradoxes in Cornforth, (Chris ed.) The governance in the public and non-profit organizations: what do boards do?* Routledge.

Dabor, A., & Aggreh, M. (2017). Adoption of international public sector accounting by government ministries and agencies in Nigeria. *International Journal of Marketing & Financial Management*, *5*(5), 52-65.

Hussein, S., & Williams, A. A. (2018). The implementation of international public sector accounting standards in Liberia: analysis of the benefits and challenges. *European Journal of Business, Economics and Accountancy* 6(6)

Ijeoma. N.B., & Oghoghomeh (2014). Adoption of International public sector accounting standards in Nigeria: Expectations benefit and challenges, Journal of investment and management, Science publishing group. Matekele, C. K. (2018). *Implementation of accrual-based international public sector accounting standards (IPSAS) in the local government authorities: A case of Dodoma region*. Doctoral dissertation, Mzumbe University.

Ogiriki, T., Odogu L. I., &Babatunde, S. D. (2021). International Public Sector Accounting Standard (IPSAS) and the quality of financial reporting in federal agencies in Nigeria. *International Journal of Advances in Engineering and Management (IJAEM)* 3(7), www.ijaem.net

Ozugbo, M. (2009). *Financial reporting for good governance in public sector entities in Nedaw, D. (Ed.) Public Sector Accounting*; Bahir Dar; Nakura Publications Ltd Price Waterhouse

Peter, O. (December, 2012). Improving Nigeria's public sector accounting standards. Business Premium Times. December 04.

PricewaterhouseCoopers (2009). *Introduction to International Public Sector Accounting Standards (IPSAS),* PricewaterhouseCoopers Ltd

Samuel A. G. (2020) Assessment of the challenges and benefits of adopting international public sector accounting standards in developing countries. The case of Ethiopia *European Journal of Economic and Financial Research*

Sour, L. (2012). IPSAS and government accounting reform in Mexico.*International Journal of Public Sector Performance Management, 2 (1), 5–24.*

Stephen E., Mercy, N., & Wynne, A. (2012). Annual financial reporting by governments – existing practices in sub-Saharan Africa. African Capacity Building Foundation. (Harare, 2012) www.scribd.com/

Udeh, F., & Sopekan, S. (2015). Adoption of IPSAS and the quality of public sector financial reporting in Nigeria. *Research Journal of Finance and Accounting,* 6(20), 141-149. *doi: 10.11648/j.jim.20140301.13.*

United Nations Economic Commission for Africa (2003). *Public Sector Management Reform in Africa; Lessons Learned.* Ethiopia,

World Bank (1989) *World Bank Development Report*, Washington DC, World Bank