



**IMPACT OF IPSAS ADOPTION ON FINANCIAL MANAGEMENT,  
ACCOUNTABILITY AND TRANSPARENCY OF SELECTED GOVERNMENT  
PARASTATALS IN ZARIA**

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**Abstract**

*The change in accounting regulations on disclosure is as a result of the weaknesses and low requirements of earlier regulations. IPSAS reporting has more disclosures than former Nigeria cash basis especially for public sector. This study therefore, examines impact of recognition, measurement and disclosure under IPSAS on transparency, accountability and financial management of selected government parastatals in Zaria. Using Census sampling technique, all sixty (60) accounting personnel that were represented in the population were tested. Data was collected with the aid of questionnaire from the selected Parastatal (Ahmadu Bello University, Zaria and the Federal College of Education under the Federal Ministry of Education; the Nigerian Institute for Leather Science and Technology under the Federal Ministry of Science and Technology; the National Institute for Transport Technology; and, the Nigerian College for Aviation Technology under the Federal Ministry of Transport) The study was anchored on institutional and agency theory. Cross sectional research design was adopted, while institutional and agency theory was used to underpin the study. The result shows that disclosure and recognition have significant and positive impact on accountability; financial management and transparency respectively at 1% level of significance. In line with the findings, therefore, we recommend that public sector institutions should adopt IPSAS for better management, accountability*



*and transparency in financial reporting. As IPSAS prescribes a manner in which general purpose financial statements should be prepared*

**Keywords: IPSAS, Financial Implication, Government Parastatals**

## **INTRODUCTION**

The public sector accounting literature has recently been characterised by a focus on accounting reforms such as those aimed at implementing accrual accounting and harmonising accounting practices by reducing regional differences in financial reporting (Lapsley & Miller, 2019; Caperchione, Christiaens, & Lapsley, 2013). The International Public Sector Accounting Standards (IPSASs) are currently used to harmonise public sector accounting on a global scale (Aggestam-Pontoppidan & Brusca, 2016). IPSASs are designed to eliminate variations in nations generally accepted domestic accounting principles and provide more comparable financial information across national borders (Aggestam-Pontoppidan *et al.*, 2016). Additionally, the use of IPSAS is to promote financial transaction transparency and improve accountability (Bergmann, 2009). Consequently, IPSAS provides accurate information on assets, liabilities, and costs in an effort to enhance decision-making.

Several nations have partially adopted or aligned conventional cash-based accounting systems with accrual-based accounting systems, such as IPSAS (Bergmann, Fuchs, & Schuler, 2019; Brusca, Caperchione, Cohen, & Manes Rossi, 2018; Müller-Marqués Berger, 2018). The number of IPSAS applied, as well as the nations and levels of government, have all had a significant impact on how IPSAS have been implemented (Cavanagh, Flynn, & Moretti, 2016; OECD/IFAC, 2017). Despite the many advantages of converting governmental accounting (GA) systems to IPSASs, some African nations like Ghana and Nigeria are hesitant to make the switch. For instance, the insufficient examination of certain subsectors, the use of business-style accounting in government, and the absence of pressure to apply standards have all been faulted with IPSAS (Bakre, Lauwo, & McCartney, 2017; Oulasvirta, 2014; Robb & Newberry, 2007). This issue of sluggish implementation might make the country less appealing to foreign direct investment. [Cause and effect] Therefore, the delay in IPSAS implementation presents a significant challenge for the whole of the nation (Ademola, Madugba, Adegboyegun, & Eluyela, 2020). In a similar vein, the public institutions of Nigeria were afflicted with enormous and catastrophic levels of corruption (Proshare, 2020). Even some of these tertiary institutions have been accused of being riddled with corruption as a result of a lack of transparency and accountability arising from a lack of entire compliance with IPSAS disclosure and recognition (Itodo & Regan, 2017).



Numerous IPSAS studies have been published during the last two decades (Bergmann et al., 2019; Christiaens & Neyt, 2015). This work focuses on research results on adopting accrual accounting based on IPSAS to harmonise public sector accounting and it seeks to comprehensively examine prior research and integrate research findings. In addition, our research reviewed previous literature from a variety of emerging and established economies in order to verify the frameworks that we presented for dealing with the issue at hand. For instance, Grace (2016) carried out research on new public management and accrual accounting foundation with the goal of enhancing openness and accountability in the Nigerian public sector. Olayinka, Uchenna, and Nwanneka, 2016; Akhidime, 2012; Francis, Samuel, State, and State, 2015, focus on the implementation of International Public Sector Accounting Standards (IPSAS) and the quality of financial reporting in the Nigerian public sector. The research that Toudas, Poutos, and Balios (2013) conducted, entitled "Concept, rules, and institutional concerns of IPSAS: a critical evaluation," centred on IPSAS. Ijeoma (2014) focused her research on the impact of the International Public Sector Accounting Standard (IPSAS) on the dependability, credibility, and integrity of financial reporting in state government administration in Nigeria. Ijeoma and Oghoghomeh (2014) focused their research on the implementation of foreign public sector accounting standards in Nigeria: Expectations, Benefits, and Challenges. According to a survey of recently published relevant literature and the researchers' train of thought, there is no previous research that has been conducted on the topic of the study of the economic implications of measurement, recognition, and disclosure under IPSAS adoption on accountability, transparency, and financial management of selected government parastatals in Nigeria. This is a problem that the current study attempts to solve.

## **LITERATURE REVIEW**

Public sector accounting is described by Nweze (2013) as a process of documenting, compiling, analysing, disseminating, and understanding financial transactions of governmental entities. It displays all tiers of activity including the receiving, custody, and distribution of public cash. As a result, financial accounting is basically what public sector accounting is. The International Public Sector Accounting Standards Board has released a set of accounting guidelines for use by public sector organisations all around the globe in the production of financial statements (Akinleye and Alaran-Ajewole, 2018).

Public sector reporting companies other than government business enterprises must adhere to Public Sector Accounting Standards, which define how yearly General-Purpose Financial Statements must be presented. Two accounting systems are the foundation of the International Public Sector Accounting Standards. These are the cash foundation of accounting and the accrual method. Adopting International Public Sector Accounting



Standards serves a number of beneficial objectives, including showing that transactions are accurate and fair and that they comply with established standards; demonstrate responsibility for managing government resources; provide crucial data for effective oversight and prudent management of government operations; improve the ability to assess financial performance because financial statements will accurately reflect all revenues and expenditures; demonstrate whether revenue sources can be relied upon to cover both short-term and long-term liabilities; Making thorough information about spending available can help with determining the future viability of programmes, liquidity position, and thorough information on the financial position of the government at the end of the fiscal year; improving good governance; and determining the cost implications of policies and enabling comparison with substitute policies (Okoye and Ani, 2004; Duenya, Upaa and Tsegba, 2017). The statement of financial position, the statement of financial performance, the statement of changes in net assets and equity, the cash flow statement, accounting rules, and notes to the financial statements are all included in the accrual basis of accounting. Regardless of the accounting period in which the services are provided or the benefits are received, the cash basis of accounting is a method that records receipts or income when real cash is received and expenditures when actual payment is paid (Benito, Brusca and Montesinos, 2007).

The adoption of IPSAS has been the subject of numerous empirical studies in a number of different parts of the world; generally speaking, Chan (2006) claims that the IPSAS is the focal point of the global accounting profession's initiatives to influence government accounting reforms in developing nations. Here you can find a study by Maina (2013) titled "Factors Influencing Effective Financial Management Systems in the Government Sector in Kitui Central Ministerial Departments." According to the researcher, the majority of survey respondents weren't involved in budget formulation and didn't have access to any financial information about the government. . Additionally, Ijeoma and Oghoghomeh (2014) studied the benefits, challenges, and expectations related to the use of International Public Sector Accounting Standards (IPSAS) in Nigeria. It was also found that the Nigerian government's adoption of IPSAS will improve the comparability of financial data produced by public sector businesses in Nigeria and throughout the world.

Additionally, Matsvai (2015) examined the potential adoption of cash accounting- or accrual-based financial reporting systems by Zimbabwe's national government. The results show that both the cash basis of accounting and the accrual basis of accounting have benefits and downsides. The IPSAS accrual and modified standards were selected because they are comprehensive enough to provide for some degree of comprehensiveness in the earlier and later periods. Nelia (2015) conducted research to determine how much Kenyan



local government has incorporated foreign public sector accounting norms. The research found that IPSAS implementation by local authorities increased transparency and accountability in spite of obstacles such as a lack of suitable qualified personnel, a lack of consistent training, and financial mismanagement.

Similar to this, Balogun (2015) used a case study at the Office of the Accountant General of Ekiti State to examine the effects of the International Public Sector Accounting Standards (IPSAS) on the Nigerian public sector. Before distributing the interview questions to the 45 staff members who made up the sample population, the questions were first prepared and assessed to ensure that they were legitimate. It was shown that the adoption of IPSAS will boost both comparability and the usage of best practices offered on a global scale

Ademola, Adegoke, and Oyeleye (2017) and Atuilik, Adafula, and Asare (2016) both found a significant and negative link between the adoption of IPSAS and the degree of perceived corruption. This lends credence to the idea that government adoption of IPSAS is directly linked to a drop in public perception of corruption. Akinleye and Alaran-Ajewole (2018) conducted research to determine how the International Public Sector Accounting Standards impacted the distribution of information in Nigeria. They used a questionnaire to collect information from two hundred sixty-six (266) respondents from the Ekiti State Ministry of Economic Planning and Budget in Ado-Ekiti and the Federal Ministry of Finance in FCT-Abuja. The hypotheses were put to the test using ordinary least squares regression, which led to the discovery that adopting International Public Sector Accounting Standards led to an increase in the quality of information delivered, which in turn led to an increase in the level of accountability and transparency within the Nigerian public sector.

### **Theoretical Framework**

According to DiMaggio and Powell's (1983) institutional theory, organisations are seen to function inside a social framework consisting of conventions, values, and assumptions about what constitutes suitable or acceptable economic behaviour (Oliver, 1997). The following are some of the fundamental presumptions made by institutional theory: (1) the adoption of structures and management practices that are considered legitimate by other organisations operating in their fields, regardless of the actual usefulness of these structures and practices; (2) organisations responding to pressures from their institutional environments and adopting structures/or procedures that are socially acceptable and appropriate organisational choice; and (3) organisations conforming to the predominant norms, traditions, and organisational practices in their fields. When seen from the point of



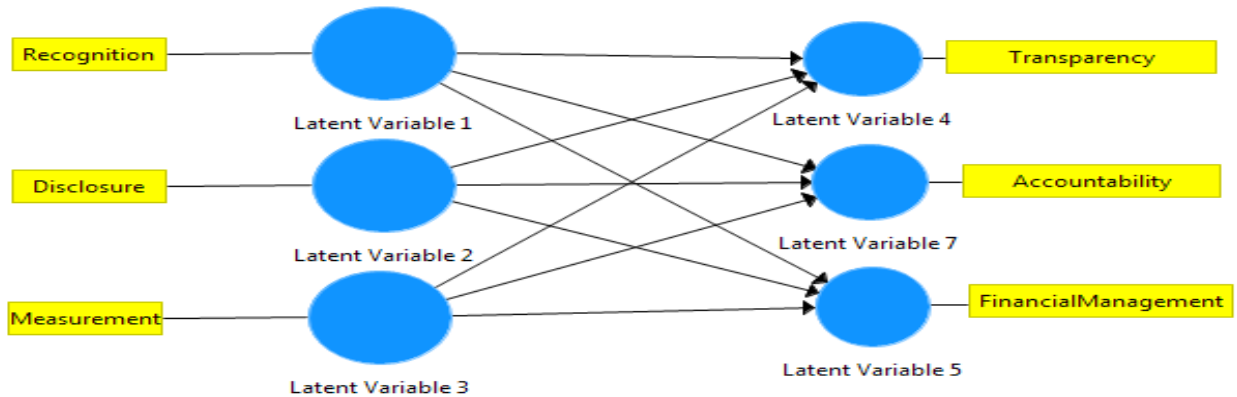
view of the public sector, legitimacy might be sought from other national governments, international organisations, and groups of interest (Baker & Morina, 2006). According to the institutional theory, changes in management practice or culture of an institution to new ones (for example, from the traditional cash accounting to the accrual based IPSAS) do not occur primarily as a result of the efficiency or usefulness of the new style adopted but rather as a result of some institutional pressure. This theory was developed in the 1960s by sociologist Robert Merton. There have been identified three different pathways that contribute to the process of institutional isomorphic change: (1) coercive isomorphism, which arises from external factors like international organisations dictating the use of a certain style of management to governments; (2) mimetic isomorphism, which is a standard response to uncertainty and following the actions of organisations that are perceived to be more successful; and (3) normative isomorphism, which is associated with professionalization and is concerned with cultural innovations to adopt new styles that are considered superior to the one that has been in place (DiMaggio & Powell, 1983). Changes in organisational structures or styles (such as the choice of accounting rule) do not occur because of the benefits associated with the new style, but rather, such changes occur as a result of the three mechanisms posited above, which are coercive, mimetic, and normative isomorphism. The relevance of the institutional theory in this study is that this finding suggests that changes in organisational structures or styles do not occur because of the benefits associated with the new style.

### **Agency Theory**

Agency theory, which Jensen and Meckling promoted (1976). The idea is used to provide a cogent justification or defence of the adoption of International Public Sector Accounting Standards by any government. The agency method was developed in response to concerns about the potential conflict between the interests of the owners (the primary) and agents (the managers) as a result of the separation of ownership and control in modern organisations. Accordingly, the theory assumes conflict between the primary and the agent, necessitating the use of techniques for releasing tension. One such tactic is the use of public financial accounts. From the perspective of the public sector, Baiman (1982), cited in Duenya, Upaa, and Tsegba (2017), offered an opinion on the agency theory, contending that a government official is chosen or appointed to act as the public's agent, doing the work of allocating and managing resources on their behalf (principal) (principal). Therefore, the agency theory calls for a high level of public accountability between the agent and his principal, which may be achieved by using an IPSAS-styled comprehensive financial statement. According to Lenz (2012), the capacity of principals to evaluate the work of their agents is what leads to public accountability. The agency theory has shown

to be a versatile and useful paradigm for evaluating the effects of institutional arrangements on the accountability of public decision makers and public policy; it is also.

**Fig 1**



The above theoretical framework explains the relationship between independent variables (Recognition, Disclosure and Measurement) and dependent variables (Transparency, Accountability and Financial management)

**METHODOLOGY**

The relationship between the predictor factors (Recognition, Disclosure, and Measurement) and the endogenous variables was examined in this study using a cross sectional research design (Transparency, Accountability and Financial Management). This study's target audience consists of accounting staff from four specific Zaria-representative ministries. Some parastatals were chosen from among these four ministries to represent them as a population size in this study. The following parastatals were chosen to serve as subsets of the overall subject: Ahmadu Bello University, Zaria; the Federal College of Education (Federal Ministry of Ed); the Nigerian Institute for Leather Science and Technology (Federal Ministry of Science and Technology); the National Institute for Transport Technology; the Nigerian College for Aviation Technology (Federal Ministry of Transport); Despite just 60 surveys being due back and only 57 being properly completed. Using Census sampling technique, the researcher decided to include all sixty (60) accounting personnel that were represented in the population. A modified version of Nelia's questionnaires with a clear organisational structure was used to gather the data from primary sources (2015). During this period, the data were examined using descriptive, correlation matrix, and regression techniques with the use of SmartPLS2 and SPSS version 20. More specifically, the professional's version of SmartPLS3 was used. PLS is said to function with relatively small samples, as stated by Hair, Hult, Ringle, and Sarstedt (2013).



(less than 100). 57 of the respondents provided valid replies; hence, the PLS-SEM method was determined to be appropriate for structural equation modelling. The measurement was used to examine the reliability and validity of the instrument, and structural models were used to evaluate the relationships between the variables being studied.

## **RESULT AND DISCUSSION**

### **Validity and Reliability of Instrument**

The validity test of an instrument is often defined as "the amount to which the study findings correctly disclose the phenomenon under inquiry" or "the extent to which what is expected to be examined is done" (Collis & Hussey, 2004). (2009). Validity is important in determining if the statements in the questionnaire instrument are relevant to the study being done. Additionally, Cronbach's Alpha and a composite reliability coefficient, which both gauge the instrument's internal consistency or dependability on the distributed questionnaire, were used to assess the instrument's reliability. This was done in order to determine the instrument's dependability.

### **Reliability**

The variables were assessed to establish their degree of dependability since they were represented as unidimensional entities (Mashahadi, Ahmad, & Mohamad, 2016). This was achieved by examining both the internal consistency and the reliability of the indicators. There were significant levels of internal consistency, as seen by the Cronbach alpha coefficients and composite reliability having values greater than 0.7. The results show that this was the case (Bagozzi & Yi, 1988; Hair, Black, Babin, & Anderson, 2010). Table 1 displays the results.

### **Validity**

#### **Convergent validity**

Each latent variable's Average Variance Extracted (AVE) was assessed to ensure convergent validity. According to the results shown in Table 4.1, all of the AVE values are higher than the 0.5 acceptable cut-off point, confirming convergent validity (Henseler et al., 2013).

**Table 4.1 Reliability Test**

	Cronbach's Alpha	rho_A	Composite Reliability	Average Extracted (AVE)	Variance
Accountability	0.707	0.602	0.792	0.959	
Disclosure	0.899	0.933	0.951	0.907	



Financial Management	0.858	0.858	0.934	0.876
Measurement	0.843	0.845	0.927	0.864
Recognition	0.834	0.534	0.811	0.682
Transparency	0.797	0.722	0.867	0.766

**Source: Smart PLS output**

**Discriminant validity**

**Table 4.2 Discriminant Validity Result**

	Accountability	Disclosure	Financial Management	Measurement	Recognition	Transparency
Accountability	0.312	0.000	0.000	0.000	0.000	0.000
Disclosure	0.705	0.552	0.000	0.000	0.000	0.000
Financial Management	0.437	0.371	0.636	0.000	0.000	0.000
Measurement	0.475	0.706	0.369	0.430	0.000	0.000
Recognition	0.544	0.538	0.700	0.423	0.526	0.000
Transparency	0.777	0.614	0.513	0.622	0.592	0.875

**Source: Smart PLS output**

To prove discriminant validity, the Fornell and Larcker (1981) criteria was used. The criteria state that discriminant validity is demonstrated if the square root of AVE for each latent variable is larger than its correlation values with other variables (Wong, 2013). This requirement was developed to indicate that discriminant validity is proved, as seen in Table 4.2.

**Table 4.3 Descriptive Statistics**

	Mean	Standard Deviation	Excess Kurtosis	Skewness
AC1	4.246	1.246	-0.646	0.744
AC2	3.702	1.042	2.356	1.686
TR1	4.895	1.224	-0.006	1.151
TR2	3.368	1.237	-0.655	0.568
FM1	4.526	1.511	-1.669	0.261
FM2	4.246	1.354	-1.508	0.494
RE1	3.211	1.373	-1.147	0.651
RE2	4.684	1.046	1.713	1.621



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ME1	3.772	1.185	1.364	1.564
ME2	3.684	1.095	2.126	1.738
DISC1	4.579	0.972	2.994	1.888
DISC2	3.351	0.761	10.388	2.981

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**Source: Smart PLS output**

The responses of the respondents to the 12 constructs that were used to evaluate the selected variables (Accountability (AC), Transparency (TR), Financial Management (FM), Recognition (RE), and Measurement (ME)) are described statistically in table 4.2 above (DISC). There will reportedly be ACs, TRs, FMs, Residents, MEs, and DISCs: The use of IPSAS will improve asset management due to improvements in recognition, measurement, valuation, and reporting (AC2), the adoption of IPSAS standards will encourage openness and accountability in financial reporting on governmental transactions (TR1), and the implementation of IPSAS will increase the ability to keep an eye on costs and performance (AC1). Adoption of IPSAS will enhance internal control mechanisms as well (TR2). Adoption of IPSAS will improve resource allocation due to the identification of full cost activities (RE2), IPSAS adoption will enhance capacity to measure costs and better expenditure management (ME2), IPSAS has enhanced comparability of financial report across various periods, and other similar organisations using IPSAS in financial report. The methods might be seen as indicating that the respondents have significant expertise implementing IPSAS.

Based on the options provided to the respondents, this interpretation was made. This leads us to the conclusion that most respondents are happy with the adoption of IPSAS since it will raise the standard of financial reporting in the public sector. On the other hand, since it clusters around the mean, the standard deviation suggests that there is minimal variance or homogeneity among the respondents' replies. Additionally, the skewness and kurtosis reveal the distribution of the data with respect to preferring the right or left of the normal curve, respectively, and the peakness of the aforementioned data, respectively. The standard deviation may include both of these measurements (Oja, 2016). Based on the values of skewness that were obtained from Table 4.3, it is safe to infer that the data follows a normal distribution, even if it is presented in a fashion that is either positively or negatively skewed. The peakness of the distribution should be normal based on the kurtosis values that can be seen in Table 4.3. The fact that the readings are within the typical range suggests this. This is in line with the results of several studies that show how skewness and kurtosis may be used to predict the distribution of the data. This is due to the fact that analysing the data may reveal if the statistics are skewed or whether the kurtosis is



abnormal (Bai & Ng, 2005; Barato & Seifert, 2015; Blanca, Arnau, Lpez-Montiel, Bono, & Bendayan, 2013; Kollo, 2008; Maruyama, 2007; Ryu, 2011).

**Table 4.4 Correlation matrix**

	<b>Accountability</b>	<b>Disclosure</b>	<b>Financial Management</b>	<b>Measurement</b>	<b>Recognition</b>	<b>Transparency</b>
<b>Accountability</b>	1.000	0.705	0.437	0.475	0.544	0.777
<b>Disclosure</b>	0.705	1.000	0.371	0.606	0.538	0.614
<b>Financial Management</b>	0.437	0.371	1.000	0.369	0.700	0.513
<b>Measurement</b>	0.475	0.706	0.369	1.000	0.423	0.622
<b>Recognition</b>	0.544	0.538	0.700	0.423	1.000	0.592
<b>Transparency</b>	0.777	0.614	0.513	0.622	0.592	1.000

**Source: Smart PLS output**

Table 4.4's correlation matrix demonstrates that there is a positive association between the independent factors (recognition, measurement, and disclosure), on the one hand, and the dependent variables, on the other, when the three models discussed in the methodology are taken into consideration (accountability, transparency and disclosure). The independent variables are sensitive to the dependent factors, despite this, and this is the most plausible conclusion that can be made of the data. Furthermore, the degree of connection among the explanatory variables is insufficient to support the multicollinearity issue. This is because the greatest coefficient association between the independent variables was determined to be 0.606, which is below the Gujarati and Porter-specified cut-off (2009). These authors claim that a correlation coefficient of more than 0.8 between two independent variables is excessive and may be a sign of multicollinearity.

**Table 4.5 Inner VIF Values**

	<b>Accountability</b>	<b>Disclosure</b>	<b>Financial Management</b>	<b>Measurement</b>	<b>Recognition</b>	<b>Transparency</b>
<b>Accountability</b>	0.000	0.000	0.000	0.000	0.000	0.000
<b>Disclosure</b>	2.313	0.000	2.313	0.000	0.000	2.313
<b>Financial Management</b>	0.000	0.000	0.000	0.000	0.000	0.000
<b>Measurement</b>	2.002	0.000	2.002	0.000	0.000	2.002
<b>Recognition</b>	1.414	0.000	1.414	0.000	0.000	1.414
<b>Transparency</b>	0.000	0.000	0.000	0.000	0.000	0.000



**Source: Smart PLS output**

This study tested for collinearity using the variance inflation factor, but the results for the tree models were clear because the minimum and maximum values fell within the range of 1.414 and 2.313, respectively. Since these values are all less than 10, there is no collinearity between the explanatory variables.

**Table 4.6 Shapiro-Wilk W test for normality of residual**

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Standardized Residual	.182	55	.217	.203	55	.158
Standardized Residual	.217	55	.149	.153	55	.236
Standardized Residual	.241	55	.142	.297	55	.110

a. Lilliefors Significance Correction

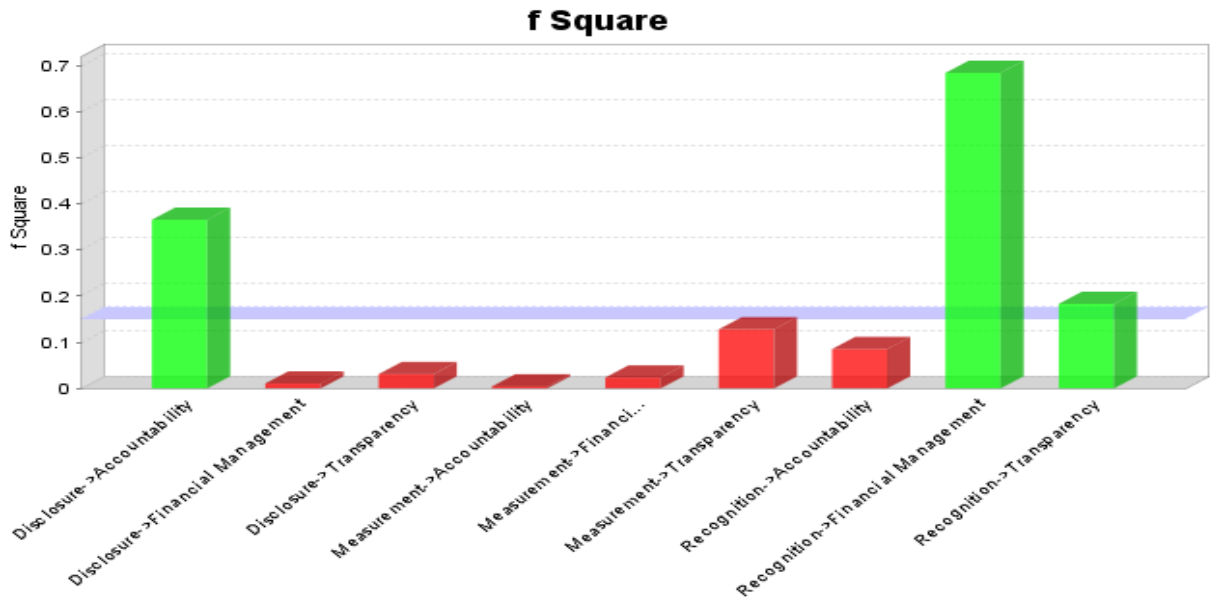
**Source: SPSS OUTPUT**

According to Table 4.6 for the Shapir-Wilk test, the significance values for the three models are 0.158, 0.236, and 0.110. The null hypothesis that the data is normally distributed across the models cannot be rejected since the findings are bigger than 0.05 at the 5% level of significance. In light of this research, it may be concluded that the model residuals follow a regular distribution.

**Assessment of the structural model**

According to Henseler and Sarstedt, the structural model's quality was assessed using the route coefficients ( $\beta$ ), coefficient of determination ( $R^2$ ), and effect size ( $f^2$ ) (2013). The authors claim that  $f^2$  values of 0.02, 0.15, and 0.35, respectively, have small, medium, and large effects on the endogenous variable.

**Fig 2**



**Test of hypotheses**

We used three distinct models to assess the suggested routes. Model 1 investigated the link between recognition, measurement, and disclosure in relation to three independent variables: accountability. The link between responsibility and the three independent variables of recognition, assessment, and disclosure was also examined in Model 2. Model 3 examined the link between responsibility and three independent variables, including disclosure, measurement, and recognition.

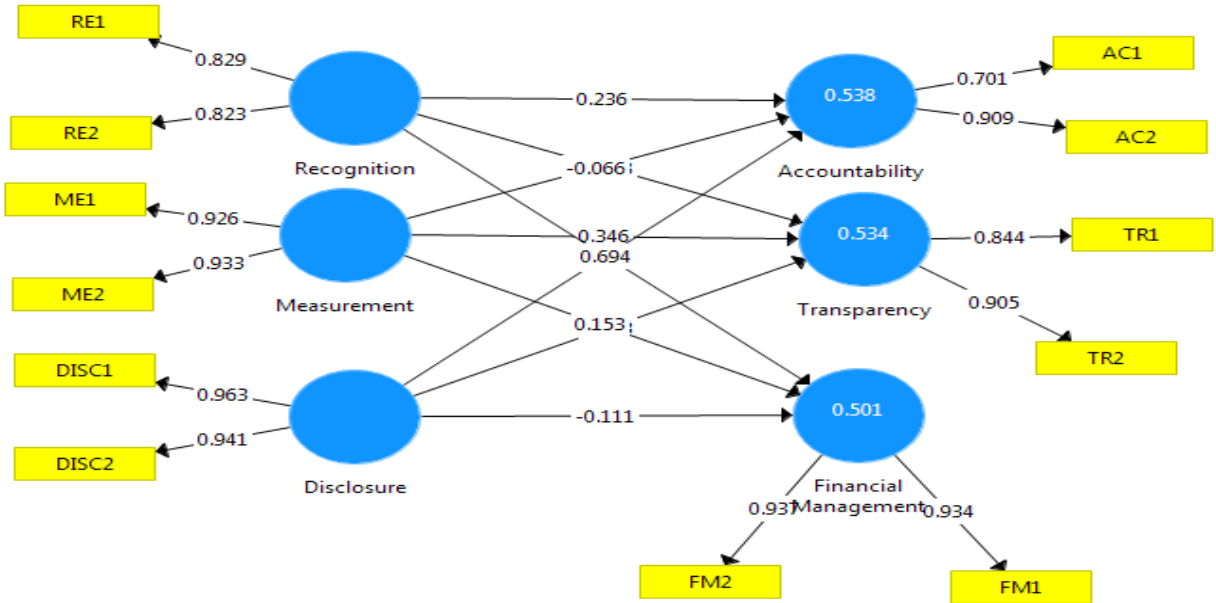
**Table 4.7 Model summary**

	R Square	R Square Adjusted	Model Fit Sig
Accountability	0.538	0.512	0.000
Financial Management	0.501	0.473	0.000
Transparency	0.534	0.507	0.000

**Source: Smart PLS output**

Model 1 shows that recognition, measurement, and disclosure explain 53.8 percent of the variation in accountability (R<sup>2</sup>= 0.538) and that the model is appropriate as demonstrated by a significant value of 1 percent. Model 2 and Model 3 both show that recognition, measurement, and disclosure also explain 50.1 percent of the variation in financial management (R<sup>2</sup>= 0.501) and that the models are appropriate as demonstrated by a significant value of 1 percent.

**Fig 3 Path**



**Table 4.8 Path Coefficient for the Three Models**

	Accounta bility	Disclo sure	Financial Management	Measure ment	Recogn ition	Transpar ency
Accountability	0.000	0.000	0.000	0.000	0.000	0.000
Disclosure	0.625	0.000	-0.111	0.000	0.000	0.183
Financial Management	0.000	0.000	0.000	0.000	0.000	0.000
Measurement	-0.066	0.000	0.153	0.000	0.000	0.346
Recognition	0.236	0.000	0.694	0.000	0.000	0.348
Transparency	0.000	0.000	0.000	0.000	0.000	0.000

**Source: Smart PLS output**

Table 4.9 , T-Values, P-Values

	T Statistics ( O/STDEV )	P Values
Disclosure -> Accountability	3.294	0.001
Disclosure -> Financial Management	0.562	0.574
Disclosure -> Transparency	1.083	0.279
Measurement -> Accountability	0.475	0.635



Measurement -> Financial Management	0.872	0.383
Measurement -> Transparency	2.322	0.021
Recognition -> Accountability	1.454	0.147
Recognition -> Financial Management	4.930	0.000
Recognition -> Transparency	2.663	0.008

**Source: Smart PLS output**

By examining the paths coefficients and the p-value, Tables 4.8 and 4.9 demonstrate that transparency and accountability have a positive and significant association (= 0.625, t = 3.294, p 0.05), supporting the validity of hypothesis 1. Hypothesis 2 is not supported because the measurement effects do not significantly affect how responsibility is explained (= 0.066, t = 0.475, p > 0.05). Hypothesis 2 is not supported because the measurement effects do not significantly affect how responsibility is explained (= 0.066, t = 0.475, p > 0.05). Hypothesis 3 cannot be supported since the connection between responsibility and recognition is both positive and minimal (= 0.236, t = 1.454, p > 0.05). Additionally, when Model 2 is taken into account, disclosure and transparency exhibit a positive connection that is statistically unimportant (= 0.183, t = 1.083, p > 0.05). As a result, theory 4 is not supported. Hypothesis 5 is supported by the finding that measurement and transparency have a positive and statistically significant connection (= 0.346, t = 2.322, p 0.05). Hypothesis 6 is confirmed since recognition influences considerably contribute to the explanation of transparency (= 0.348, t = 2.663, p 0.05). Finally, taking into account Model 3, we find that transparency has a weak and negligible relationship with financial management (= -0.111, t = 0.562, p > 0.05), rejecting Hypothesis 7. Hypothesis 8 is likewise unsupported since measurement and financial management have a positive but negligible connection (= 0.153, t = 0.872, p > 0.05). Hypothesis 9 is verified because recognition affects have a significant role in explaining financial management (= 0.694, t = 4.930, p 0.05).

**Discussion of Findings**

**Disclosure, Measurement, Recognition and Accountability**

It was discovered that IPSAS-compliant disclosure and recognition had a positive impact on accountability. The relevance of this finding stems from the presumption that increased disclosure would significantly impact the financial management, accountability, and transparency of government parastatals. Users may find it more challenging to establish the correct revenue that the government receives or to determine expenditures, as well as the beneficiaries of government spending and the items upon which spending occurs, due to the incomplete disclosure of information and recognition in the accounting books of records. This result is consistent with those of Palebu and Healy (2001), who discovered



that the need for financial reporting and disclosure results from information asymmetry and agency conflicts between managers and outside investors, and that regulators, standard-setters, auditors, and other capital market intermediaries increase the credibility of management disclosures. This result is in line with that of Palebu and Healy (2001) an proposition of agency theory, who discovered that information asymmetry and manager agency conflicts are the driving forces behind the need for financial reporting and transparency.

### **Disclosure, Measurement, Recognition and Transparency**

The results led to the conclusion that IPSAS-compliant disclosure, measurement, and recognition had a positive impact on transparency. This finding is in line with those of Oyeleye (2017), who discovered that establishing policies that ensure on-going and sufficient measures that could create a preventive environment that does not promote or encourage fraud and other types of wrongdoing can strengthen the effectiveness of public organisations' transparency. This finding is also consistent with the findings of Oyeleye (2017), who found that the effectiveness of public organisations' transparency can be strengthened by establishing procedures that ensure on-going and adequate measures that could create. The consequence of this conclusion is that an increase in the compliance with IPSAS for measurement, recognition, and disclosure would lead to an increase in the openness of financial reports in government parastatals. This is because both the public reporting of financial information and the rationale behind financial measurement are covered by IPSAS.

### **Disclosure, Measurement, Recognition and Financial Management**

The findings show that IPSAS-compliant measurement and recognition are advantageous for managing the company's finances. This result is in line with those of Balogun (2015) and Chan Maina (2013), who both claim that effective accountability calls for much more than merely disclosing performance; rather, it necessitates evaluation, appropriate corrective actions, and a direct discussion of the likely consequences for particular individuals. The results of Balogun (2015) and Chan Maina have supported this conclusion (2013). Additionally, the accrual basis for loan recognition, monitoring, and guarantee programmes fosters greater focus on the risks of default and makes pre-funding by the government practicable. According to this research, improving identification and assessment will improve financial management. The following phrase illustrates the importance of this discovery. This is because uniform accounting basis recognition and a user-friendly financial reporting style may be used to achieve successful financial management. These capabilities provide users with regular comparisons, an accurate



source of performance data, and an open and honest recognition of all transactions. The relationship between transparency and financial management is, however, not favourable.

### **CONCLUSION AND RECOMMENDATION**

The research's conclusions indicate that IPSAS-compliant disclosure has a positive and significant effect on accountability. The efficacy of financial management or transparency, on the other hand, is not influenced by disclosure. The research's results also show that defining financial management or responsibility does not depend on the use of IPSAS measurement criteria. The trend of sensitivity, however, may be seen in both measurement and transparency. Based on the research's results, it was suggested that understanding accounting recognition provides the basis for financial management and transparency. Statistically speaking, however, recognition is not a deciding factor in assigning guilt. Based on the findings, organisations in the public sector should use IPSASs to enhance management, accountability, and financial reporting transparency. due to the need that financial statements for general purposes be prepared in accordance with IPSASs. This will increase the comparability of the government's financial reporting on a global scale and bring the nation into compliance with best practices, which will encourage investment in the country. In order to ensure that the expected effects of all the changes, particularly those related to performance financial management, are achieved, a monitoring and evaluation committee of committed industry specialists should also be created.

The present research gives a comparative assessment of the degree of implementing IPSAS internationally as well as an explanation of the reasons for the varying levels of adoption. The current analysis demonstrates that the move towards IPSAS demands a considerable time of implementation wherein existing local company accounting legislation inhibit jurisdictions from applying international standards. The explanatory results give insight for reformers and lawmakers when establishing and promoting financial information reforms. Hence, this topic may be replicated using different region(s)

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