

**AN INVESTIGATION INTO THE EFFECT OF IPSAS ADOPTION ON FINANCIAL ACCOUNTABILITY OF LOCAL GOVERNMENT AREAS IN OGUN STATE: AN EMPIRICAL ANALYSIS**

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**Abstract**

*The need for financial probity cannot be overemphasized as this has drawn the attention of researchers in the field of accounting and finance that demands urgent attention. Despite widespread reforms aimed at enhancing transparency and governance, persistent challenges such as inconsistent compliance, delayed reporting and weak institutional capacity undermine financial accountability at the subnational level. This study addressed a critical gap in the literature by empirically investigating the specific effect of IPSAS within the unique socio-administrative context of Ogun State LGAs focusing on four dimensions: compliance, transparency, corruption and timeliness. The objective of the study was to investigate the effect of IPSAS adoption on financial accountability of LGAs in Ogun State. The study employed a survey research design targeting a population of 475 accountants, internal auditors and accounts staff across Ogun State LGAs. A sample size of 448 was determined using the Olonite sampling technique. Data were collected via structured questionnaires and the instruments reliability was confirmed with Cronbach's Alpha coefficients ranging from 0.733 to 0.909 indicating excellent internal consistency. Data was analysed using descriptive and multiple regression analysis to test the hypothesized relationships. The results and findings show that IPSAS adoption had a positive and significant effect on Compliance with Financial Reporting Requirements (CMFR) for hypothesis one (Adj R<sup>2</sup> = 0.713, F(4, 345) = 6.898, p < 0.05). IPSAS adoption had a positive and significant effect on Transparency of Financial Reporting (TRFR) for hypothesis two (Adj R<sup>2</sup> = 0.723, F(4, 345) = 2.682, p < 0.05). From the findings and results, the study concluded that IPSAS adoption has a significant effect on financial accountability in LGAs in Ogun State.*

***The study however recommended that local government authorities institutionalize continuous IPSAS training programs for accounting personnel, enforce strict compliance mechanisms, automate accounting processes to ensure timeliness and enhance the public dissemination of financial reports to foster transparency and public trust.***

***Keywords: Compliance, Financial Accountability, Financial Probit, IPSAS, Local Government Areas, Transparency.***

***Word count: 308***

## **Introduction**

The issue of financial accountability has become one of the most important pillars of efficient governance and sustainable public financial management in the global arena. Financial accountability frameworks in the developed world are highly entrenched in governance systems with the support of a well-established legal, institutional and auditing systems to facilitate transparency and trust amongst the population. In some nations, like the United Kingdom, Canada and New Zealand, the level of fiscal discipline is high among the public officials and effective structures are in place to report, monitor and audit the government expenditures. To take a specific example, the Whole of Government Accounts (WGA) in the United Kingdom and the Public Accounts framework in Canada are designed such that financial statements prepared by all governments are prepared and audited following international standards in order to ensure that the populations of these countries trust the manner in which taxpayers funds are utilized (OECD, 2024). Financial responsibility in such situations is not only a legal role but also a moral responsibility towards transparency and performance based governance.

In developing economies, however, the search to financial accountability has been a thorny issue because of institutional weaknesses, corruption as well as, their ability to manage effectively the financial matters of the populace. Most of the Asian and Latin American nations are grappling with late filing of financial statements, incomplete disclosures and weak audit execution which has suppressed transparency and fiscal credibility (World Bank, 2023). The governments in these regions have taken some reform efforts such as introduction of accrual accounting systems but the results of performance based budgeting have not been consistent. Research by Hernandez and Jimenez (2024) in Latin America and in South Asia found that poor internal control environments and politicized financial reporting experiences water down the process of trying to establish complete accountability in the public sector. Financial accountability issues within the African continent have assumed a more sophisticated form, which is mostly associated with a lack of good governance, poor control, and financial indiscipline. A number of African states such as Ghana, Kenya, and South Africa have recorded significant advances in enhancing their systems of financial management in the public sector, but most of them continue to struggle to reach the ultimate level of transparency in the subnational governments. Agyemang and Boateng (2024) also found out that in Ghana, audit frameworks and reporting standards have been reinforced; however, accounts on audit findings are weak and accountability appears hindered due to weak enforcement and poor follow-up. On the same note, in Kenya, even though devolved governments are operational, there are constant delays in reporting finances and failure to adhere to accounting procedures at the county level (Mugambi & Njoroge, 2025). These weaknesses reveal the necessity to undertake regular reforms that focus on the capacity building and institutional

implementation of the principles of financial accountability at all the levels of the government in Africa. Financial accountability in Nigeria has been a controversial theme in the government sector. Even though, constitutional and statutory measures exist that oversees the management of public funds, cases of fiscal mismanagement, unauthorized expenditures, and poor internal controls still occur at different levels within governments. Lack of transparency and accountability in government transactions have been identified by the Office of the Auditor-General of the Federation and civil society organizations multiple times, in particular, at the subnational level (Okpala et al, 2025). In its turn, the Nigerian government has been undertaking a number of reforms to enhance accountability, such as the Treasury Single Account (TSA), the Integrated Payroll and Personnel Information System (IPPIS), the implementation of International Public Sector Accounting Standards (IPSAS).

However, even in the case of such measures, Local Governments the most closely contacting the people still report the lowest financial transparency and reporting discipline (Adegbie et al, 2023). The implementation of IPSAS was seen to enhance transparency of the financial reporting of the public sector by making sure that the stakeholders including the citizens, civil societies and donor agencies can have access to correct and comparable information on government finances. On the national level, the adoption of IPSAS has increased the disclosure practices because it has led to the expansion of the boundaries of financial statements of assets, liabilities, and contingent obligations (IFAC, 2024). Ogun State: increasing awareness about the necessity of transparency and publicity has seen some local governments in Ogun State issue summary reports and budget performance statements. Such changes correspond to the larger trends across the world and the region that prioritize openness as the pillar of responsible governance (PAFA, 2024). Moreover, the process of digitalization, including the deployment of financial management information systems, could also help advance the increase of transparency and access to financial data by the population.

The main objective of the study was to investigate the effect of IPSAS adoption on financial accountability of LGAs in Ogun State while the specific objectives are to:

- i. Examine the effect of IPSAS adoption on compliance with Financial Reporting requirements of LGAs in Ogun State;
- ii. Ascertain the effect of IPSAS adoption on transparency of Financial Reporting of LGAs in Ogun State;

Additionally, sanctions are not effective and inadequate independence of audit institutions undermine financial misconduct deterrence. Research has revealed that the absence of firm enforcement tools and the lack of ethical dedication of government officials may not lead to accounting reforms like IPSAS to reduce corruption (Agyemang & Boateng, 2024). The continued plight deteriorates good faith and corruption of the systems of public financial management in the State.

## **Literature Review**

### **Conceptual Review**

#### ***Financial Accountability***

Financial accountability is the responsibility of officials and organizations to explain how the resources of the populace are being utilized as well as to maintain transparent financial management and deliver correct financial reports to the stakeholders. Financial accountability is the foundation of governance in the public sector of the advanced economies, through which all public spending is checked against budgetary allocation and provides quantifiable results. Parker et al., (2023) discussed that financial responsibility in

developed countries such as the United Kingdom and Canada is pegged on culture of compliance, accounting integration with digital means and stiff parliamentary control. Timely auditing and identification of abnormalities is made possible through the automated financial management systems, and this leads to a clear and responsible fiscal environment. These nations have embedded accountability systems in which all financial decisions are verifiable, quantifiable and audited in real time.

### **Compliance with Financial Reporting Requirements**

The environment of effective public financial management is compliance with the conditions of financial reporting, and it is the requirement that government entities follow the existing accounting standards, legal regulations, and reporting practices. In developed countries, legal adherence has been formalised using a strong regulatory system and integration of technology. According to Peterson et al., (2023), nations including Canada, the United Kingdom and Australia highly follow the international public sector accounting standards (IPSAS) and Generally Accepted Accounting Principles (GAAP) that ensure that the entities in the public sector report on financial data in a way that is transparent and comparable. Fiscal accountability and trust in the institutions are reinforced by their audit bodies imposing penalties in case of non-compliance. Moreover, such economies have digital reporting systems that have minimised discrepancies and enhanced the timeliness and reliability of financial information.

### **Transparency of Financial Reporting**

One of the main aspects of good governance is transparency of financial reporting, meaning that the financial information must be transparent and accurate and made available to all interested parties. Transparency has taken the meaning of fiscal credibility and institutional integrity in developed countries. Wilson et al. (2023) support this claim and assert that the United Kingdom, New Zealand, and Canada are the examples of countries where transparency is institutionalized via open government data site, real-time disclosure, and the review of the public accounts by the parliament. These policies have improved the availability of financial information to the citizens and have helped in the independent verification of government spending. Also, the use of digital tools, including blockchain-based reporting systems, has enabled a greater strength of audit trails so that all transactions can be tracked and verified. This technological development has made financial transparency to be an ethical and operational requirement in the public sector.

### **IPSAS Adoption**

IPSAS adoption as a concept is one of the global reform initiatives aimed at increasing standards of quality, transparency and credibility of financial reporting in the public sector. It involves the adoption of harmonized accounting principles, which bring forth consistency of the public financial statements with the internationally recognized standards, to stimulate accountability and comparability. As Adekunle et al. (2023) explained, IPSAS is a systematic framework, which was created to harmonize the accounting practices used in the case of a public entity, making financial reporting consistent and promoting fiscal rigor in managing resources. The authors also noted that the adoption of IPSAS would also help in enhancement of decision-making because it would give stakeholders, such as citizens, policymakers, and international partners, relevant and reliable financial information. In essence, IPSAS creates a framework of good governance in that the financial information is timely, correct and comparable among the reporting organizations.

### **Maintaining Records and Prompt Delivery**

Effective fiscal administration in the public sector should include the proper accounting record keeping and delivery of financial reports on time. These practices are registered in developed economies as detailed digital accounting systems that enable transparency and auditability. Williams et al., (2023) assert that electronic accounting systems, which allow real time data acquisition and easy reporting of finances, are institutionalized in countries like Canada, the United Kingdom and Australia. These systems improve accountability because all transactions are properly captured and reports presented on time to the institutions that control such transactions. Integrated financial management systems (IFMIS) have also minimized the delays caused by bureaucracy enabling government entities to produce timely and reliable reports which makes them to be more accountable.

### **Comprehensive and Accurate Report**

Proper and full reporting of financial performance is one of the major pillars of financial accountability and transparency in the government sector. The International Public Sector Accounting standards Board (IPSASB, 2023) defined an effective and comprehensive report as one that includes all material financial information and this information is presented neutrally with complete information and does not contain material error and thus the financial position and performance of the entity. It gives strength to the recognition and disclosure of all transactions, assets and liabilities at their proper manner and according to the accrual-based accounting standards. Such reporting enables comparability and adds value in that the stakeholders can evaluate the stewardship and fiscal discipline in the governmental bodies like LGAs.

### **Proper Procedures in Government Operations**

Government operations that are properly carried out have been at the heart of accountability, transparency and efficiency of the management of public finances. IPSAS insists that the governmental agencies should be guided by well-established accounting and operating processes that enhance precision and honesty on financial dealings. Hassan et al. (2023) state that such processes entail standard budgetary operations, expenditure regulation, auditing, and reporting systems that guard uninformed actions and financial misconduct. Harmony brought by IPSAS allows the governments to have checks and balances whereby all the financial operations can be traced, checked and made consistent with the provision of law and ethics.

### **Consistency and Comparability in Reports**

The basis of IPSAS in terms of consistency and comparability in financial reports is to provide financial information that is uniform, reliable and interpretable across the reporting periods and jurisdictions. As defined by Usman et al., consistency is about ensuring that past and present entities in the public sector use similar accounting principles and procedures so that their stakeholders can recognize trends and interpret performance and make sound decisions. The comparability in contrast helps to evaluate the financial information of different government organizations and enhances financial transparency as well as accountability. IPSAS offers the model that standardizes the reporting practices in every nation because governments can present financial information in a unified format, which improves credibility and trust around the world.

In developed world, fiscal governance and long term plans have been enhanced by IPSAS-based consistency. Ahmed et al. (2024) reported that the high-consistency rates of

countries like Canada, the United Kingdom, and New Zealand in the public reporting result in high cross-period and cross-entity comparisons. They found that a high level of transparency in financial management of the state is achieved by reporting practices that make it less ambiguous to interpret the fiscal outcomes. The implementation of IPSAS basing on accruals makes sure that revenues and expenditures are recorded at the right time providing a fair and true impression of the financial positions of the government.

## **Theoretical Review**

### ***Commander Theory***

The theory of commander is based on a principle that to have effective governance and organizational control, there should be a clear chain of command, authority and accountability in the decision making processes. According to the proponents, hierarchical frameworks are structured and uphold regulations and ensure that there are no ambiguous operations in either a government or a business organization. Commander Theory highlights the point that top members of the organizational hierarchy are the ones who have overall responsibility to execute the policies, control performance, and ensure that the lower members of the organizational structure meet operational standards (Johnson et al, 2023). This framework is used in the public sector accounting as it helps to introduce financial discipline as it stipulates lines of authority and accountability of budget execution and reporting. The theory presumes that the members of the organization are rational beings who react to incentives and controls in a predictable manner. It assumes that responsibility is top to bottom and that there are effective directives and monitoring measures which minimize nonconformance to established standards. According to Okoye et al (2024), in public financial management, the Commander Theory suggests that senior officers in local governments must control the compliance of financial reporting, the compliance of IPSAS, and the consistency of fiscal policies in local governments. It is assumed that efficient leadership will guarantee efficiency in the operation and reduce the misuse of a state budget.

### ***Economic Theory***

Economic Theory in the public sector accounting focuses on the efficient use of available lack of resources in order to maximize the welfare of society. The advocates believe that government organizations need to embrace accounting and financial management practices that reduce wastefulness, maximize utilization of resources, and promote economic development. As mentioned by Mensah et al (2023), financial accountability is a financial theory that states the need to offer efficient and effective allocation and use of public funds to minimize inefficiencies and enhance value-for-money in government spending. Within the framework of local governments, economic theory means that the compliance with the structured reporting standards such as IPSAS will increase the efficiency of resource management and decision-making based on the economic goals. The theory supposes that people and organizations are the rational actors who are driven by incentives and the scarcity of resources. The financial decisions made by the public officials should aim at maximizing the output in comparison to the input, and reduce wastage and misappropriation. Eze et al (2024) observed that within the context of a local government, the economic theory assumes that the implementation of IPSAS will result in increased budgetary discipline, diminished fiscal leakages and an avenue through which public resources can be optimally utilized. The assumption here is that efficiency and

economic performance are directly related to the transparency of financial reporting and compliance with standard accounting principles.

### **Stakeholders Theory**

The Stakeholders Theory assumes that organisations are not only obliged to shareholders, but to all stakeholders who are influenced by organizational operations such as the staff, citizens, regulators and the civil society. The theory, in the context of the government, reveals the importance of governments addressing the needs of other stakeholders in the management of resources and reporting of financial performance. Freeman et al (2023) emphasized that stakeholder engagement ensures accountability, inclusiveness and increases trust in government activities. In the case of local governments, transparency reporting and involvement in decision making is necessary to fulfil the expectations of various stakeholder groups. The theory presumes that the organizations become embedded within a web of interrelationships with different parties that have to have their interests balanced. As Eze et al (2024) observed, local governments that embrace IPSAS have an opportunity to promote the confidence of their stakeholders as it presents reliable, comparable, and timely financial information. Involvement of stakeholders in review of financial reports and budget performance makes them feel in ownership of the financial performance and that they should abide by ethics. Such a connection between the citizens and the government assists in minimizing the level of conflicts, promoting transparency, and enhancing accountability.

### **Theoretical Framework**

The theoretical basis of this paper is pegged on Economic Theory which offer distinct knowledge of the application of International Public Sector Accounting Standards (IPSAS) and its effect on financial accountability in Local Government Areas (LGAs) within the Ogun State. Economic Theory assumes that economic agents are rational in their decisions in order to optimize utility and reduce the wastage of resources. Applying the theory to the context of financial management in the public sector, it is known that the government bodies should use resources wisely, optimal utilization of the public funds without breaching the budgetary limits. The theory states that the implementation of standardized accounting systems like the IPSAS is in line with economic principles as standardized accounting systems facilitate cost-efficiency, resource optimization, and transparency in financial reporting. There is evidence in this theory to prove the fact that IPSAS adoption promotes accountability because it allows better decision-making, minimizes leakages, and allows the allocation of fiscal resources in such a manner that a greater proportion of them will contribute to the social welfare.

### **Empirical Review**

Adherence to the set financial reporting standards will mean that the financial statements of the entities in the public sector will be prepared in the same manner, comparatively and in strict compliance with the rules that are set at the national and international levels. This compliance is essential in empowering the various stakeholders, such as citizens, oversight institutions, investors, and development partners to make sound economic, social, and political judgment on the performance and stewardship of local governments. Subsequently, the financial reports will not be reliable without such compliance, which will compromise transparency, accountability, and efficient allocation of scarce public resources hence creating an environment that is vulnerable to mismanagement and corruption in the local government system of administration.

An authoritative and highly-used research by Osho and Adegbite (2021) carefully examined the post-adoption phase of IPSAS in a sample of Nigerian LGAs, offering a critical point of reference in research in Ogun State. Their strict research process assumed a detailed content analysis of annual financial statements between 2015 and 2020, comparing pre and post implementation of the standards of IPSAS in a systematic way to decouple the effect of the standards. The research establish a complex compliance index created on the premise of detailed 50-item disclosure checklist, which was formed on the basis of basic IPSAS standards, among which there are those concerning revenue recognition, assets management, and financial statement presentation. The results were also striking, indicating that the compliance with the required disclosure requirements was improved by 40 percent on aggregate and this difference was statistically significant in relation to the pre-IPSAS period where the practices of reporting were rather inconsistent and lacked transparency.

The researchers explained this large gross improvement by the standardized reporting template and clear guidance as required by the use of the IPSAS framework which removed a significant portion of the ambiguity and interpretive flexibility present in the old cash-based system. The research arrived at a conclusion that IPSAS is a very effective compliance tool as it offers a clear, definite and internationally accepted reference point by which the financial reporting practices of LGAs could be consistently measured and assessed by internal and external stakeholders. Recent research by Bello and Umoren (2022) more precisely examined the effect of IPSAS on the financial reporting transparency in Nigerian LGAs, which would also be applicable to the Ogun State. They have applied a rigorous pre-test/post-test research design, thereby performing a content analysis of financial statements, including measures of readability and the level to which mandatory disclosures are made before and after the adoption of the new standards. The research established that the reporting on post-IPSAS reports saw the disclosure of related-party transactions, where corruption is more likely to take place, and clarity and depth of the notes to the accounts about the critical accounting policies increase by a staggering 45 percent and 60 percent, respectively. These increases greatly promoted the transparency and general understandability of the financial information by the external users such as the auditors, oversight agencies and development partners who use the information to determine the financial health and integrity.

A study by Silva and Oliveira (2021) on Brazil showed a complete change of transparency caused by the transition to accrual accounting using IPSAS, which provides a strong international parallel. The longitudinal study of municipal finances they conducted revealed that the new standards compelled local governments to reflect all their pension liabilities and other large long-term obligations directly on the face of their balance sheet, and not to obscure their liabilities in obscure notes. This is an important shift that has removed a common tradition of concealing these huge future fiscal liabilities and provided a clearer and franker picture of the long-term financial performance and sustainability of each municipality. Therefore, such openness was a shock to stakeholders, such as creditors and citizens, into a more realistic view of the public finances, resulting in the need to have painful yet essential discussions surrounding fiscal policy and intergenerational equity.

## **Methodology**

The study adopted a survey research design. The study was conducted in Ogun State, Nigeria, with a population of 475 individuals. This comprises 440 accountants, internal auditors, and accounting staff working in the public sector of selected local government areas, along with 35 auditors from the Office of the Auditor-General for Local Government

in Ogun State. Data was analyzed using descriptive and inferential statistics. 448 samples was drawn from the population of 475 using the Olonite Sampling Technique of determination at a 95% confidence level.

SS	=	$\frac{TP}{1 + TP (TCL - OCL)^3}$
SS	=	Sampling Size
TP	=	Total Population
1	=	Booster or Step-down
$\mu$	=	Stochastic Error
<sup>3</sup>	=	Multiplier
TCL	=	Total Confidence Level
OCL	=	Observed Confidence Level

### Model Specification

$$CMFR_i = \beta_0 + \beta_1 MRPD_i + \beta_2 CAR_i + \beta_3 PPGO_i + \beta_4 CCR_i + \mu_i \dots \dots \text{(i)}$$

$$TRFR_i = \beta_0 + \beta_1 MRPD_i + \beta_2 CAR_i + \beta_3 PPGO_i + \beta_4 CCR_i + \mu_i \dots \dots \text{(ii)}$$

### Result and Discussion

#### Descriptive Analysis

##### Response Rate

From the data collected, 448 structured questionnaires were administered and 350 responses from across the spectra of respondents in Local Governments in Ogun State. This represents a response rate of 78%. According to Mugenda and Mugenda (2003), a response rate of 50% or more is adequate. Sataloff and Vontela, 2021 also asserted that return rates of 40% to 75% is good and acceptable to analyze and publish, while the American Medical Association recommends the least rate to be 60%. Based on these assertions from renowned academicians, the responses rate for this study at 78% is considered sufficient for making inferences and drawing conclusions. Table 4.1 illustrates the rate of responses.

**Table 4.1. Distribution of Questionnaire/ Response Rate**

Categories	Frequency	Percentage %
Copies of questionnaire administered	448	100
Copies of questionnaire filled and returned	350	78
Copies questionnaire not returned	98	22

Source: Author's Field Survey (2025)

#### Demographic Analysis

This section analyses the demographic data of the respondents and the respondent's responses to questions. The demographic data were summarized in a table so as to clearly show the pattern of respondents' demographic characteristics. The main demographic attributes in the study were: gender, age, marital status, highest educational qualification and years in organization. The findings are presented in Table 4.2.

**Table 4.2: Demographic Characteristics of Respondents**

Variables	Characteristics	Frequency	Percentage (%)
Gender	Male	195	55.7
	Female	155	44.3
	<b>Total</b>	<b>350</b>	<b>100.0</b>
Age	20-29	45	12.9

	30 – 39	65	18.6
	40 – 49	150	42.9
	Above 50	90	25.6
	<b>Total</b>	<b>350</b>	<b>100.0</b>
Academic Qualifications	NCE	20	5.7
	OND	40	11.4
	HND	98	28.0
	B.Sc.	160	45.7
	M.Sc.	15	4.3
	PhD	9	2.5
	Others	8	2.4
	<b>Total</b>	<b>350</b>	<b>100</b>
Professional Qualifications	ACCA	12	3.4
	ACA	41	11.7
	ANAN	140	40.0
	Others	157	44.9
	<b>Total</b>	<b>350</b>	<b>100</b>
Place of Work	Auditor-General office	43	12.3
	Local Government Area	307	87.7
	<b>Total</b>	<b>350</b>	<b>100.0</b>
Work Experience	1 – 5 years	45	12.9
	6 – 10 years	80	22.9
	11 – 15 years	120	34.3
	16 and above	105	29.9
	<b>Total</b>	<b>350</b>	<b>100.0</b>

Source: Author's Field Survey (2025)

### Interpretation

From Table 4.2, In respect of the gender, 165 respondents representing 55.6% indicate that they are males while 132 respondents representing 44.4% were females. Showing that most of the respondents were males but it also tells us that women are also part of this study. With regards age of respondents, 36(12.1%) are between the ages 20-29, 56(18.9%) are between the ages 30-39, 133(44.8%) are between 40 – 49, 72(24.2) are above 50. With regards to place of work, 40(13.5%) of the respondents work in the office of the auditor general while 257(86.5%) work in local government area. Furthermore, the level of experience of 23 (7.7%) of our respondents are between 1-5years, 58 (19.5%) have between 6-10 years' experience, while 113(38%) have 11-15 years of experience and 103 (1.5%) have 16 years' experience and above. With regards to academic qualifications, 11 (3.7%) are NCE holders, 33 (11.1%) were OND holders, 64 (21.5%) HND holders, 161(54.2%) were B.Sc. holder, 8(2.7%) were Master's degree, 2(0.7%) were PhD holders and 18(6.1%) were holders of other certifications or equivalent holders. As most of the professional bodies have the code of conducts clearly specified and almost all aligned, the professional qualification of respondents was reviewed with 12 (4%) holding ACCA, 37(12.5%) holding ACA, 91(30.6%) holding ANAN and 157(50.9%) holding other professional certifications.

**Test of Hypothesis One**

**Research Hypothesis (H<sub>0</sub>1):** The International Public Sector Accounting Standards (IPSAS) adoption does not have a significant effect on compliance with financial reporting requirements at the local government level in Ogun State.

**Table 4.3: Model 1 - Results of Regression Estimate for Hypothesis One**

<b>Variable</b>	<b>MODEL 1</b>			
	<b>Coefficient</b>	<b>Standard Error</b>	<b>t- stat</b>	<b>Prob.</b>
Constant	1.920	.407	4.718	.000
Maintaining Records and Prompt Delivery	-.021	.058	-.341	.733
Comprehensive and accurate Report	.101	.074	1.521	.129
Proper Procedure in Govt Operations	.211	.057	3.477	.001
Consistency and comparability in Reports	.084	.070	1.276	.203
<i>R</i> <sup>2</sup>	0.725			
Adjusted <i>R</i> <sup>2</sup> : Overall	0.713			
F-Stat	6.898(0.000)			

**Dependent Variable:** Compliance with Financial Reporting Requirements (CMFR)

**Source:** Author's Computation (2026)

**Interpretation****Model 1**

The regression results of Model 1 illustrate the impact of IPSAS adoption assessed through record maintenance, comprehensive and accurate reporting, adherence to proper procedures, and ensuring consistency and comparability on compliance with financial reporting standards. This relationship is reflected in the direction and magnitude of the regression coefficients ( $\beta_0 = 1.920$ ;  $\beta_1 = -.021$ ,  $\beta_2 = .101$ ,  $\beta_3 = 0.211$  and  $\beta_4 = 0.084$ ). Maintaining records has negative but no significant effect on compliance with financial reporting requirements ( $\beta = -.021$   $t = -.341$ ,  $p = .733$ ), comprehensive and accurate report has a positive but no significant effect on compliance with financial reporting requirements ( $\beta = .101$ ,  $t = 1.521$ ,  $p = .129$ ), Proper procedure has a positive and significant effect on compliance with financial reporting requirements ( $\beta = 0.211$   $t = 3.477$ ,  $p = .001$ ) and consistency and comparability has a positive but no significant effect on compliance with financial requirements ( $\beta = 0.084$ ,  $t = 1.276$ ,  $P = 0.203$ ). This implies that a percentage increase in Maintaining records will result to 2% decrease in financial reporting requirements, a percentage increase in comprehensive and accurate report will lead to 10% increase in financial reporting requirements, Proper procedure will result to 21% improvement in financial reporting requirements, and that a percentage increase in consistency and comparability will lead to almost 8% increase in financial reporting requirement.

The model's Adjusted *R*<sup>2</sup> indicated that 71% of the variation in compliance with financial reporting requirements could be explained by the proxies for IPSAS adoption, while the remaining 29% was attributed to factors not included in the model. At a 5% level of significance, with an F-statistic probability of 0.000 and an F-value of 6.898, the null hypothesis was rejected. This implies that IPSAS adoption has a statistically significant impact on the compliance with financial reporting requirements of local governments in Ogun State.

### Test of Hypothesis Two

**Research Hypothesis (H<sub>0</sub>2):** The adoption of International Public Sector Accounting Standards (IPSAS) has no significant impact on the transparency of financial reporting in Ogun State Local Governments.

**Table 4.4: Model 2 - Results of Regression Estimate and Diagnostic Tests for Hypothesis Two**

Variable	MODEL 2			
	Coefficient	Standard Error	t- stat	Prob.
Constant	3.550	.423	8.383	.000
Maintaining Records and Prompt Delivery	.104	.060	1.664	.097
Comprehensive and accurate Report	-.137	.077	-1.974	.049
Proper Procedure in Govt Operations	.003	.059	.044	.965
Consistency and comparability in Reports	.195	.073	2.848	.005
<i>R</i> <sup>2</sup>	0.733			
Adjusted <i>R</i> <sup>2</sup> : Overall	0.723			
F-Stat	2.682 (0.015)			

**Dependent Variable:** Transparency of Financial Reporting (TRFR)

**Source: Author's Computation (2026)**

### Model 2

The regression estimates of model 2 shows the effect of IPSAS adoption measured by maintain records, compressive and accurate report, proper procedure and consistency and comparability on transparency of financial reporting. This is indicated by the signs of the coefficient. ( $\beta_0 = 3.550$ ;  $\beta_1 = 0.104$ ,  $\beta_2 = -0.137$ ,  $\beta_3 = 0.003$  and  $\beta_4 = 0.195$ ). Maintaining Records has a positive but no significant effect on transparency of financial reporting ( $\beta = 0.104$   $t=1.664$ ,  $p = .097$ ), comprehensive and accurate report has a negative and significant effect on transparency of financial reporting ( $\beta = -.137$ ,  $t = -1.974$ ,  $p=.049$ ), Proper procedure has a positive but no significant effect on transparency of financial reporting ( $\beta = 0.003$   $t=.044$ ,  $p = .965$ ) and consistency and comparability has a significant positive effect on transparency of financial reporting ( $\beta = .195$ ,  $t=2.848$ ,  $P=.005$ ). This implies that a percentage increase in Maintaining Records will result to almost 10% improvement in transparency of financial reporting, a percentage increase in comprehensive and accurate report will lead to almost 14% decrease in transparency of financial reporting, proper procedure will result to almost 0.3% improvement in transparency of financial reporting and that a percentage increase in consistency and comparability will lead to almost 19.5% increase in transparency of financial reporting. The Adjusted *R*<sup>2</sup> of the model showed that 72% of the variations in the transparency of financial reporting can be attributed to IPSAS adoption proxies, while the remaining 28% of the variations in transparency of financial reporting is caused by other factors not included in this model. Therefore, at the 5% adopted level of significance with the probability of F-statistics of 0.015 and a F-stat value of 2.682, the study rejected the null hypothesis which means that IPSAS adoption has a significant effect on transparency of financial reporting of Local Governments in Ogun State.

### **Discussion of Findings**

The objective of this study is to ascertain how International Public Sector Accounting Standards (IPSAS) adoption affect Local Governments' Compliance with Financial Reporting requirements in Ogun State. Primary data were used for the analysis. From the descriptive regression analysis, the following are the findings:

The study that adoption of IPSAS has a significant effect on compliance with financial reporting requirement is in tandem with that of Omimakinde and Adejuwon (2022) which demonstrated that IPSAS adoption increases compliance with corporate governance of which compliance with financial reporting quality is an important aspect of. Ademola et al. (2020) also declared unequivocally that IPSAS implementation has a substantial and positive influence on the quality, reliability, and comparability of financial reporting. However, the result did not support the findings of Adebisi et al, (2019) whose study show that the implementation of IPSAS in Southwestern Nigeria, particularly in government Ministries, Departments, Agencies, and public educational institutions, fell short of expectations concerning the preparation and presentation of financial reports

The study that adoption of IPSAS has a significant effect on transparency of financial reporting of Local Governments in Nigeria is in tandem with that of Castañeda-Rodríguez (2022) that asserts that the adoption of IPSAS is often seen as a measure to enhance the calibre of public financial data, as well as to promote accountability and transparency. The study of Egolum and Ndum (2021) and Kartiko et al (2018) also supports the result of the study. On the other hand, the result negates Opanyi (2019) who found no statistically significant differences across the categories related to openness and accountability, suggesting that the purpose of government changes to promote greater transparency and accountability may not have been entirely met. The study also disagrees with Izueke, et al. (2020), who found out that that Nigeria's public sector still lacks transparency and accountability despite the breadth of IPSAS implementation in the country.

### **Conclusion and Recommendations**

The paper investigated the impact of International Public Sector Accounting Standards (IPSAS) Adoption and financial accountability of Local Governments in Ogun State. The regression estimates reveal that the proper procedure, compressive and accurate report, and consistency and comparability have a significant impact on accountability. The study therefore concludes that the International Public Sector Accounting Standards (IPSAS) positively impact financial accountability of Local Governments in Ogun State.

The following recommendation was made based on the findings and conclusion of this study and they are as follows:

1. To ensure that local governments are familiar with the requirements of IPSAS as it relates to every transaction they should organize continuous training programs on the same. This will in no little way assist the accountant in drawing the financial reports of the government according to the requirements of the standards; hence, financial accountability will be greatly improved.
2. The authorities of local governments should also ensure that the implementation of IPSAS is met by instilling discipline among accountants regarding preparation of financial statements of local governments.

### **Contribution to Knowledge**

The contributions to the knowledge that this study made were as follows:

**Concept:** The research was on the use of international public sector accounting standards

on financial accountability of the local governments in Ogun State. It has been unveiled that the adoption of International Public Sector Accounting Standards would enhance financial accountability in the Local Governments.

**Accounting Profession:** Professional accountants would as a priority decisively enforce the pertinent standards of IPSAS in the development of Financial Statements in such a way that they will be regarded as agents of public responsibility.

**Theory:** The researchers found that the adoption of the IPSAS has an impact on financial responsibility. The economic theory and the theory of the commander remain relatively relevant, which is a point to back up.

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