

**THE IMPACT OF INTERNATIONAL PUBLIC
SECTOR ACCOUNTING STANDARD (IPSAS)
IN NIGERIA PUBLIC SERVICE**

BY

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CERTIFICATION

This is to certify that this project work by **IBRAHIM SAHEED ONIWIRIDI** with Matric no **ND/23/ACC/FT/0026** has been read and approved as meeting the requirement for the award of National Diploma in Accountancy Department, in accordance with the regulation governing the preparation of project in Kwara State Polytechnic, Ilorin.



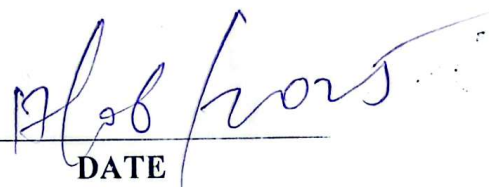
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DEDICATION

This project is dedicated to the Almighty God for His grace, guidance, and strength throughout the course of my study.

I also dedicate this work to my beloved parents Mr and Mrs. Ibrahim, whose sacrifices, prayers, and constant encouragement made this journey possible. To my siblings and friends who stood by me through the challenges and triumphs, your support means the world to me.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The public sector plays a vital role in the socio-economic development of any country by providing essential services such as education, healthcare, security, and infrastructure. To ensure these services are delivered effectively, efficient public financial management systems must be in place. In Nigeria, public sector accounting has historically been governed by a cash-based accounting system, which lacks comprehensive disclosure of financial information and does not provide an accurate representation of government financial positions. This led to widespread issues such as poor budgeting, lack of transparency, financial misappropriation, and inadequate public accountability.

To address these deficiencies and align with international standards, the Federal Executive Council of Nigeria approved the adoption of the **International Public Sector Accounting Standards (IPSAS)** in 2010. IPSAS are issued by the **International Public Sector Accounting Standards Board (IPSASB)**, a body under the International Federation of Accountants (IFAC). These standards are designed to improve the quality of financial reporting by public sector entities, thereby leading to better resource allocation, enhanced accountability, and increased public confidence.

IPSAS is based on the accrual accounting system, which records financial transactions when they occur rather than when cash is exchanged. This provides a clearer view of an entity's financial performance and position. The implementation of IPSAS in Nigeria was divided into two phases: the adoption of **IPSAS-Cash Basis** by January 2014, and the transition to **IPSAS-Accrual Basis** by January 2016. Since then, many federal and state entities have made progress toward full adoption.

The Lagos State Civil Service, being a leading and economically advanced state in Nigeria, has been proactive in adopting IPSAS. As the administrative arm of the Lagos State Government, the civil service handles the formulation and implementation of government policies, public finance, and service delivery. Given its size and complexity, the implementation of IPSAS in the Lagos State Civil Service provides a useful case for evaluating the overall effectiveness of IPSAS adoption in Nigeria.

The shift to IPSAS has had numerous implications, such as the need for capacity building, investment in new financial systems, and re-training of accounting personnel. While some observers claim that the implementation has improved financial disclosure and management, others argue that it has introduced complexities and has not yet yielded tangible benefits. Therefore, it is imperative to critically examine how IPSAS has impacted public sector operations, particularly in Lagos State Civil Service, in terms of financial reporting quality, accountability, transparency, and decision-making.

This study seeks to provide a comprehensive evaluation of the impact of IPSAS in the Lagos State Civil Service, with a view to identifying both the benefits and the challenges of implementation, and offering recommendations for improvement in Nigeria's broader public financial management framework.

1.2 Statement of the Research Problem

Before the adoption of IPSAS, Nigeria's public financial management was plagued by a lack of transparency, inconsistencies in financial reporting, and inefficient allocation of resources. Despite Lagos State's early compliance with IPSAS, there remain challenges in its full implementation and in measuring its real impact. Questions persist about whether IPSAS has truly improved public service performance, financial accountability, and transparency in Lagos State Civil Service. This research aims to

address these concerns and evaluate how IPSAS has influenced public sector accounting practices.

1.3 Research Questions

1. What are the benefits derived from the implementation of IPSAS in Lagos State Civil Service?
2. What are the challenges faced in the adoption and implementation of IPSAS in Lagos State Civil Service?
3. How has IPSAS improved financial reporting, accountability, and transparency in Lagos State Civil Service?
4. To what extent has IPSAS influenced decision-making in the Lagos State Civil Service?

1.4 Objectives of the Study

The broad objective of this study is to assess the impact of IPSAS on public sector accounting in Nigeria, with Lagos State Civil Service as a case study. The specific objectives are to:

1. Identify the benefits of IPSAS implementation in Lagos State Civil Service.
2. Examine the challenges associated with the adoption and implementation of IPSAS.
3. Evaluate the effect of IPSAS on financial reporting, accountability, and transparency.
4. Analyze how IPSAS has influenced decision-making in Lagos State Civil Service.

1.5 Research Hypotheses

To guide this study, the following hypotheses are proposed:

- **H₀₁:** IPSAS has no significant impact on financial reporting in Lagos State Civil Service.

- **H₀₂:** IPSAS has not significantly improved accountability and transparency in Lagos State Civil Service.
- **H₀₃:** IPSAS implementation has not significantly influenced decision-making in Lagos State Civil Service.

1.6 Scope of the Study

This research is focused on the Lagos State Civil Service, specifically evaluating the effect of IPSAS on financial reporting and management practices. It covers selected ministries and departments within the Lagos State Government where IPSAS has been implemented. The study will consider data and experiences from 2015 (when IPSAS began full implementation) to the present.

1.7 Limitation of the Study

The study may face certain limitations such as:

- Limited access to detailed and confidential financial data.
- Possible bias or reluctance of public servants to disclose information.
- Time constraints for extensive fieldwork or broader sampling across all departments.

1.8 Significance of the Study

This study is important for several reasons:

- It provides insights into the effectiveness of IPSAS in improving public sector financial management.
- It serves as a valuable resource for policymakers and public administrators on the relevance of adopting global accounting standards.
- It contributes to academic literature on public sector reforms and financial transparency in Nigeria.
- It helps in identifying gaps and suggesting solutions for better implementation of IPSAS in the public sector.

1.9 Definition of Key Terms

- **IPSAS:** International Public Sector Accounting Standards, a set of accounting standards for use by public sector entities.
- **Public Sector Accounting:** The process of recording, analyzing, classifying, summarizing, and communicating financial information about government transactions.
- **Transparency:** Openness in the disclosure of financial information to stakeholders.
- **Accountability:** Obligation of public officials to report on the usage of public resources and accept responsibility for their actions.
- **Financial Reporting:** The process of producing statements that disclose an organization's financial status to management, investors, and the government.
- **Decision-making:** The process by which public administrators choose among alternatives to guide actions and policy.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In recent decades, public sector reforms have become a central theme in governance across the globe, with financial transparency and accountability at the forefront. One of the key instruments driving this reform is the adoption of standardized accounting principles that ensure public financial records are reliable, consistent, and comparable. Among these standards, the **International Public Sector Accounting Standards (IPSAS)** have emerged as a globally recognized framework designed specifically for the public sector.

The introduction of IPSAS by the **International Public Sector Accounting Standards Board (IPSASB)** seeks to address the shortcomings of traditional public sector accounting systems—particularly those based on the cash-basis model that dominated in developing countries like Nigeria. Under cash accounting, transactions are only recorded when cash changes hands, which often fails to provide a true picture of the government's financial health. This limitation has historically led to poor financial planning, lack of accountability, and reduced public trust in government institutions.

As countries increasingly transition to accrual-based accounting systems, IPSAS has become a cornerstone for reform, providing guidelines on how governments should recognize revenues, expenses, assets, and liabilities. The move towards IPSAS is expected to enhance the quality of financial reporting, facilitate better decision-making, and strengthen financial control mechanisms in the public sector. In Nigeria, the Federal Executive Council approved the adoption of IPSAS in 2010, marking a significant milestone in the country's quest to align with international best practices.

This chapter reviews the existing body of literature surrounding IPSAS and its implementation in public services, with a focus on Nigeria and, by extension, the Lagos State Civil Service. It provides a detailed conceptual framework explaining key terms and elements, explores theoretical models that justify the adoption of IPSAS, and evaluates empirical studies conducted on its effectiveness in enhancing public sector financial management.

Furthermore, this chapter aims to identify the strengths and weaknesses of IPSAS implementation as documented by researchers, and to assess the level of adoption in different public institutions. It also highlights the challenges that public entities face in the transition to IPSAS, such as inadequate training, resistance to change, and infrastructural deficits. Overall, the chapter sets the academic foundation for understanding the motivation, application, and implications of IPSAS in Nigeria's public service environment.

2.2 Conceptual Framework

The conceptual framework explains key concepts and themes central to the study. It provides an analytical structure for understanding the adoption of IPSAS and its implications for public sector accounting, particularly in the context of Lagos State Civil Service.

2.2.1 Concept of Public Sector Accounting

Public sector accounting refers to the process of recording, classifying, and summarizing financial transactions made by government entities. Unlike private sector accounting, which focuses on profitability, public sector accounting emphasizes accountability, stewardship, and transparency in the management of public funds. It is essential for tracking revenue, expenditures, budget implementation, and performance measurement.

2.2.2 Concept of IPSAS

IPSAS are a set of international accounting standards developed for public sector entities to enhance the quality, consistency, and transparency of financial reporting. These standards aim to promote the accrual basis of accounting, which records financial events regardless of when cash transactions occur, thus presenting a more accurate financial picture. IPSAS include standards on revenue recognition, asset valuation, budgeting, financial statement presentation, and disclosure requirements.

2.2.3 Objectives of IPSAS Adoption

The adoption of IPSAS in Nigeria was driven by the need to:

- Improve transparency and accountability in the use of public funds.
- Promote standardization and comparability in financial reporting.
- Enhance decision-making by providing reliable and timely financial information.
- Attract foreign investment and donor funding by demonstrating good governance practices.
- Reduce corruption and financial mismanagement through clear disclosures and controls.

2.2.4 Challenges of IPSAS Implementation

Despite the advantages, implementing IPSAS comes with challenges such as:

- Lack of trained personnel and inadequate technical capacity.
- Resistance to change from public officers accustomed to the old system.
- High cost of system upgrades, training, and reorganization.
- Limited awareness and understanding of IPSAS among stakeholders.
- Complexities in transitioning from cash to accrual accounting.

2.3 Theoretical Framework

The theoretical framework for this study is drawn from a blend of established theories within public sector financial management, accounting, and governance. Theories help in understanding the relationships and underlying mechanisms that influence the adoption and effectiveness of the International Public Sector Accounting Standards (IPSAS) in public services. Several theories guide this research, including the Principal-Agent Theory, New Public Management (NPM) Theory, and Institutional Theory.

2.3.1 Principal-Agent Theory

The **Principal-Agent Theory** is one of the key theories that underpin the study of IPSAS adoption in the public sector. This theory postulates that in any organization, the principal (e.g., government or public sector institution) delegates authority to an agent (e.g., public officials or civil servants) to perform specific tasks on their behalf. However, the principal cannot directly monitor the actions of the agent, which creates the potential for opportunistic behavior. In public sector financial management, IPSAS can be viewed as a mechanism to mitigate this information asymmetry between the government (principal) and public officials (agents).

By adopting IPSAS, public sector organizations aim to align the interests of both the principal and the agent, ensuring that financial reporting and decision-making are transparent, accountable, and in the public's best interest. IPSAS provides a standardized and comprehensive framework for financial accounting and reporting, thus improving the flow of information and reducing the risk of financial mismanagement or corruption.

2.3.2 New Public Management (NPM) Theory

The **New Public Management (NPM)** theory is another relevant framework for this study. NPM emerged in the late 20th century as a response to the perceived

inefficiencies and ineffectiveness of the traditional public administration models. It advocates for the adoption of private-sector management practices in the public sector to improve service delivery, accountability, and efficiency.

One of the core principles of NPM is the emphasis on performance measurement, transparency, and the use of modern management tools, including accounting standards such as IPSAS. NPM suggests that adopting IPSAS aligns with the broader goals of enhancing the quality of governance by ensuring that public financial management is more transparent, accountable, and efficient. The adoption of IPSAS, through accrual-based accounting, aims to provide a clearer picture of the financial position of government entities, which is consistent with NPM's emphasis on measurable outcomes.

2.3.3 Institutional Theory

Institutional theory explains the process through which organizations, including public sector institutions, adopt formal structures and practices to gain legitimacy and align with broader societal expectations. According to institutional theory, organizations adopt certain practices because they are considered legitimate and acceptable within their institutional environment, even if these practices may not always be the most efficient in terms of their technical or economic effectiveness.

In the context of IPSAS adoption, institutional theory highlights that public sector organizations, such as those in Nigeria, may be motivated to implement IPSAS not only for technical accounting reasons but also to gain legitimacy within the broader global and national context. As countries around the world, including Nigeria, commit to adhering to international financial reporting standards, the adoption of IPSAS is seen as a way to align with global best practices. This helps public organizations meet the expectations of donors, international financial bodies, and the public, thereby improving their credibility and governance standards.

2.3.4 Transparency and Accountability Theory

The theory of **Transparency and Accountability** emphasizes the importance of openness in the decision-making process and ensuring that officials are held accountable for their actions. In the context of public financial management, transparency and accountability are critical for fostering trust between the government and the public. IPSAS adoption aligns with this theory by promoting clear, detailed, and easily understood financial reports that are accessible to both the public and relevant stakeholders.

The theory posits that IPSAS's emphasis on accrual-based accounting improves the transparency of public financial reporting by requiring public sector organizations to disclose not just cash transactions but also commitments, assets, and liabilities. By making financial information more comprehensive and accessible, IPSAS enhances accountability, ensuring that government officials can be held accountable for their financial management practices.

2.3.5 Contingency Theory

The **Contingency Theory** suggests that there is no one-size-fits-all approach to organizational management, and that decisions should be contingent upon the specific circumstances, challenges, and needs of the organization. In relation to IPSAS, this theory suggests that the successful implementation and impact of IPSAS may depend on factors such as the organizational culture, the level of institutional readiness, the availability of resources, and the political will to adopt the standards.

For instance, while IPSAS adoption might lead to improvements in financial reporting and governance in advanced public sector organizations, its impact in a developing economy like Nigeria could vary depending on the country's level of institutional development, the capacity of civil servants, and the availability of technological infrastructure to support the standards.

This theoretical framework provides a comprehensive foundation for understanding the forces at play in the adoption of IPSAS and how it impacts public sector financial management in Lagos State. The theories collectively explain not only the need for IPSAS but also the challenges and potential outcomes associated with its implementation in the Nigerian public sector.

2.4 Empirical Review

The empirical review examines previous studies and research related to the adoption and impact of International Public Sector Accounting Standards (IPSAS) within the public sector, with a focus on improving transparency, accountability, and financial reporting. The empirical literature provides insight into the various challenges, benefits, and implications associated with IPSAS implementation across different countries and regions, including Nigeria. This review is divided into sub-sections based on the themes of financial reporting, transparency, accountability, and the Nigerian context.

2.4.1 IPSAS and Financial Reporting Quality

Several studies have examined the relationship between IPSAS adoption and the quality of financial reporting in the public sector. According to Akintoye (2019), the adoption of IPSAS in the Nigerian public sector has significantly improved the quality of financial reporting, especially in terms of clarity, accuracy, and the overall transparency of government financial statements. Prior to the adoption of IPSAS, financial reporting in Nigeria was largely cash-based, which limited the comprehensiveness of financial data and the ability to track government assets and liabilities. However, with the accrual-based approach of IPSAS, public sector organizations are now required to recognize assets, liabilities, revenues, and expenses more comprehensively.

A study by Eze (2018) on the effect of IPSAS adoption in Nigeria found that while there was a noticeable improvement in the quality of financial reporting, challenges such as inadequate training and lack of proper infrastructure hindered the full potential of IPSAS implementation. This conclusion aligns with the findings of Okpala (2015), who argued that IPSAS's accrual basis significantly enhances the presentation of financial data, but its effective application depends heavily on the technical capacity of the public sector personnel.

In a similar vein, Okolie (2021) conducted a study on the implementation of IPSAS in some African countries and found that the adoption of IPSAS improved the financial management and reporting systems, enabling governments to better account for their financial transactions, assets, and liabilities. However, Okolie also highlighted that challenges such as inadequate IT infrastructure and resistance to change often impeded the full implementation of IPSAS in public sector entities.

2.4.2 IPSAS and Transparency in the Public Sector

Transparency is one of the key goals of IPSAS, as the standard provides guidelines for public sector entities to prepare clear, accurate, and timely financial reports. Several studies have highlighted the positive relationship between IPSAS adoption and increased transparency in public sector financial management. Nkwagu et al. (2016) conducted a study on IPSAS and public sector accountability in Nigeria and found that the adoption of IPSAS led to greater financial transparency in government departments. Public sector organizations that implemented IPSAS reported more detailed and accessible financial statements, which improved stakeholder confidence and trust in public financial management.

Agbo and Olayemi (2017) examined the role of IPSAS in fostering financial transparency in Nigeria's public sector and concluded that the standard has had a positive impact on improving transparency, particularly in local government

authorities. The study noted that although the public's access to financial information has improved with IPSAS adoption, the challenge of providing real-time data to the public remained an issue.

Similarly, a study by the World Bank (2012) on Nigeria's public financial management highlighted that IPSAS has helped increase the transparency of government spending, particularly by requiring detailed reports on government debt, financial commitments, and long-term liabilities. This shift toward greater financial transparency is considered essential in improving public trust in government institutions and fostering accountability in the use of public funds.

2.4.3 IPSAS and Accountability in Public Financial Management

The adoption of IPSAS is also closely linked to the enhancement of accountability within the public sector. According to a study by Olaoye and Ogundipe (2020), IPSAS's adoption has led to significant improvements in accountability, especially in ministries and departments that previously lacked standardized financial reporting practices. By adopting IPSAS, these entities have been able to establish clearer accountability mechanisms and reduce instances of mismanagement or embezzlement of public funds.

In Lagos State, where IPSAS was adopted early on, a study by Nkwagu et al. (2016) found that the standard has helped reduce the level of financial fraud and corruption by ensuring that financial records are more reliable, traceable, and accessible to auditors. The study found that the accrual accounting system introduced by IPSAS provided a more accurate and comprehensive view of the state's financial position, which made it easier to hold public officials accountable for any discrepancies or mismanagement of resources.

However, a study by Ademola (2016) noted that while IPSAS adoption improved accountability in some public institutions, challenges such as weak internal control

systems, lack of enforcement mechanisms, and insufficient public awareness have hindered the full realization of IPSAS's potential in improving accountability in Nigeria. The study recommended that greater emphasis should be placed on strengthening institutional capacity and enforcing compliance to ensure that IPSAS adoption translates into real improvements in accountability.

2.4.4 Challenges of IPSAS Adoption in Nigeria

Several empirical studies have documented the challenges of adopting IPSAS in Nigeria. One of the major challenges identified in the literature is the lack of technical expertise within the public sector. Many public sector accountants and auditors in Nigeria were trained under the old cash-based accounting system and lacked the skills necessary to implement IPSAS effectively. As noted by Okpala (2015), inadequate training and professional development in the public sector are significant barriers to the successful implementation of IPSAS. The study suggested that for IPSAS adoption to succeed, Nigeria's public sector workers must undergo continuous capacity building and professional development.

In addition to the skills gap, another challenge is the lack of adequate infrastructure and technology to support IPSAS's accrual-based accounting system. According to a report by the Nigerian Bureau of Statistics (2019), many government ministries and departments in Nigeria still rely on outdated financial systems that are not compatible with IPSAS. This technological gap has delayed the full implementation of IPSAS in several public institutions.

Furthermore, resistance to change has been a significant challenge in many public sector organizations. Civil servants accustomed to the cash-based accounting system have often shown reluctance to adopt new procedures and systems required by IPSAS. This resistance is sometimes fueled by concerns about job security, a lack of trust in

the new system, and the perceived complexity of the new reporting standards (Eze, 2018).

2.4.5 Summary of Empirical Findings

In summary, empirical studies on IPSAS adoption in the Nigerian public sector have generally highlighted the positive impact of IPSAS on financial reporting quality, transparency, and accountability. However, the studies also revealed several challenges that hinder the effective implementation of IPSAS in Nigeria, including a lack of technical expertise, inadequate infrastructure, and resistance to change. These challenges underscore the need for continued capacity building, investment in technology, and a more robust enforcement of IPSAS compliance across the public sector.

This section provides a detailed review of the empirical studies related to IPSAS adoption and implementation, focusing on Nigeria and similar developing countries. These studies form the basis for understanding the current state of IPSAS in Nigeria, highlighting both the successes and the ongoing challenges.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter outlines the research methodology used to assess the impact of the International Public Sector Accounting Standards (IPSAS) on the Nigerian public sector, with a particular focus on Lagos State Civil Service. The research design is structured to ensure that the findings of the study are reliable, valid, and generalizable to other sectors within the Nigerian public service. The chapter includes a detailed discussion of the research design, population of the study, sampling techniques, sources and methods of data collection, the instruments used for data collection, and the techniques employed to analyze the data.

A systematic and rigorous research methodology is crucial for understanding the practical application of IPSAS and the associated challenges and benefits in public sector organizations. This chapter presents the approach taken in the research to gather the necessary data to evaluate how the adoption of IPSAS has influenced public financial management in Lagos State. The methodology also provides insights into the limitations encountered during the study and how these were addressed.

The research methodology is guided by the need to explore the impact of IPSAS adoption on financial reporting, transparency, accountability, and public sector governance. By focusing on Lagos State Civil Service, the study aims to offer a case study that reflects the broader experience of public sector organizations in Nigeria that have undergone similar reforms. The use of quantitative and qualitative methods ensures a comprehensive analysis of the subject matter, allowing for a detailed examination of both the technical and operational aspects of IPSAS implementation in the public sector.

The chapter begins by explaining the research design, which serves as the blueprint for how the study is structured and carried out. This is followed by a discussion of the population and sample size of the study, explaining the rationale for choosing Lagos State Civil Service as the focal point of the research. The chapter also details the various data collection methods, including primary and secondary sources, and discusses the instruments used to gather data from the selected respondents.

Additionally, this chapter outlines the techniques used to analyze the collected data, which will provide answers to the research questions and test the hypotheses posed in earlier chapters. Through these methods, the study will assess the effectiveness of IPSAS implementation and determine its impact on public sector financial management in Lagos State.

3.2 Research Design

The research design serves as the blueprint for the entire study, providing the structure and approach to be followed in investigating the impact of the International Public Sector Accounting Standard (IPSAS) on Nigeria's public services, particularly focusing on Lagos State Civil Service. Research design plays a crucial role in guiding the study's methodology and ensuring that the research is systematic, focused, and achieves its objectives. For this study, a **descriptive research design** has been chosen, as it is best suited for exploring and analyzing the current state of IPSAS implementation and its effects on financial management practices within Lagos State Civil Service.

3.2.1 Descriptive Research Design

Descriptive research design is commonly used to provide an accurate portrayal of characteristics, phenomena, and trends within a population. This design helps in gaining a comprehensive understanding of the subject matter, in this case, the adoption and impact of IPSAS. The descriptive approach allows for an in-depth exploration of

the financial management processes before and after the adoption of IPSAS, offering valuable insights into how the standard has influenced public sector accounting and financial reporting.

In this study, the descriptive research design will be employed to examine:

- The extent to which IPSAS has been adopted in Lagos State Civil Service.
- The effectiveness of IPSAS in improving financial reporting and transparency.
- The challenges faced by Lagos State Civil Service in implementing IPSAS.
- The overall impact of IPSAS on public sector accountability and governance.

Descriptive research is ideal for this kind of study because it not only describes the current state of affairs but also identifies patterns, trends, and relationships in the data, making it easier to draw conclusions about the effects of IPSAS adoption. By utilizing this design, the study will provide a clear picture of how IPSAS has been implemented and the changes it has brought about in public sector financial management.

3.2.2 Quantitative and Qualitative Approaches

This research uses both **quantitative and qualitative research methods**, ensuring that the study provides a balanced and comprehensive analysis of the subject matter. The combination of these two methods will allow for a more robust understanding of the impacts of IPSAS in Lagos State Civil Service.

- **Quantitative Approach:** The quantitative approach will be employed to gather numerical data on various aspects of IPSAS adoption, such as the degree of implementation, changes in financial reporting quality, and improvements in public sector accountability. This approach allows the researcher to test hypotheses and measure the extent of IPSAS adoption through statistical tools. A questionnaire will be used to collect data from public sector accountants, auditors, and other relevant personnel working in Lagos State Civil Service.

- **Qualitative Approach:** The qualitative approach will focus on gathering in-depth insights into the experiences of civil servants regarding the implementation of IPSAS. This will involve conducting semi-structured interviews with key stakeholders, including accountants, financial managers, and officials within the Lagos State Ministry of Finance. Qualitative data will provide richer, context-specific information that will complement the quantitative findings, particularly concerning the challenges, perceptions, and effectiveness of IPSAS.

The combination of both methods allows for a more holistic analysis, where numerical data will provide general trends and patterns, while qualitative insights will help explain the reasons behind these patterns.

3.2.3 Case Study Approach

The study adopts a **case study approach**, focusing on Lagos State Civil Service as the primary case of IPSAS adoption in Nigeria. The case study approach is particularly useful for this research as it allows for an in-depth examination of the specific context in which IPSAS has been implemented. It will provide a focused analysis of how the standard has been adopted and its effects on public sector financial management in a single but significant state in Nigeria.

The case study approach enables the researcher to:

- Analyze the processes involved in the adoption of IPSAS within the specific organizational structure of Lagos State Civil Service.
- Assess how the unique challenges of the Lagos State Civil Service (such as budgetary constraints, training deficits, and technological limitations) affect the implementation of IPSAS.
- Offer recommendations tailored to the specific context of Lagos State, which could then be generalized to other states with similar challenges.

By concentrating on Lagos State Civil Service, the study will contribute valuable insights into the experiences of a state government in Nigeria, serving as a model for other regions that are either in the process of adopting IPSAS or planning to do so.

3.2.4 Justification for the Chosen Research Design

The choice of a descriptive, case study-based research design is justified by several factors:

1. **Focused Analysis:** The descriptive design enables a detailed investigation of the impact of IPSAS adoption in Lagos State Civil Service, with the goal of uncovering both the positive and negative aspects of the implementation process.
2. **Complexity of IPSAS:** The combination of quantitative and qualitative methods allows for the complexities of IPSAS implementation to be thoroughly explored from multiple angles, ensuring that both statistical data and human experiences are accounted for.
3. **Relevance to Policy and Practice:** By focusing on Lagos State Civil Service, the research design ensures that the study has practical relevance, offering recommendations that can directly inform the implementation of IPSAS at the state and national levels.

3.3 Population of the Study

The population of this study comprises all accounting and finance personnel, auditors, and administrative officers working within the Lagos State Civil Service. These individuals are directly or indirectly involved in the implementation and management of IPSAS-based accounting systems. The population is estimated to include civil servants in key ministries, departments, and agencies (MDAs) such as the Ministry of Finance, the Office of the Accountant-General, and internal audit units.

3.4 Sample Size and Sampling Techniques

The selection of an appropriate sample size and sampling techniques is critical to ensuring that the research results are reliable and representative of the population being studied. In this study, the focus is on the adoption and impact of the International Public Sector Accounting Standards (IPSAS) within Lagos State Civil Service. This section outlines the procedures used to determine the sample size, the sampling technique employed, and the rationale behind these choices.

3.4.1 Sample Size Determination

The sample size refers to the number of respondents selected for the study. The sample size needs to be large enough to provide meaningful data but manageable enough to ensure effective data collection and analysis. In determining the appropriate sample size for this study, several factors were considered, including the population of the study, the desired level of confidence, and the margin of error acceptable for the research.

Population of the Study: The target population for this study includes employees working in the Lagos State Civil Service who are directly involved in financial management, accounting, and auditing, particularly those who have been involved in the adoption and implementation of IPSAS. This includes civil servants in the Lagos State Ministry of Finance, the Lagos State Auditor General's Office, and other relevant financial departments.

Based on the information available from the Lagos State Ministry of Finance, it is estimated that there are approximately 1,200 employees working within these departments who are involved in financial reporting, budgeting, and auditing activities.

Determining the Sample Size: To determine an appropriate sample size, this study uses a confidence level of 95% and a margin of error of 5%. The sample size can be

calculated using Cochran's formula for sample size determination, which is commonly used in social science research.

$$n = \frac{Z^2 \times p \times (1-p)}{E^2} \quad n = \frac{Z^2 \times p \times (1-p)}{E^2}$$

Where:

- n = sample size
- Z = Z-value (1.96 for 95% confidence level)
- p = estimated proportion (0.5, as it is the most conservative estimate)
- E = margin of error (0.05)

Substituting these values into the formula:

$$n = \frac{(1.96)^2 \times 0.5 \times (1-0.5)}{(0.05)^2} = 384.16 \quad n = \frac{(1.96)^2 \times 0.5 \times (1-0.5)}{(0.05)^2} = 384.16$$

Thus, the calculated sample size is approximately 384 respondents. To account for possible non-responses or incomplete data, the sample size is adjusted to 400 respondents. This ensures that even with a small number of non-responses or missing data, the results will still be statistically significant.

3.4.2 Sampling Technique

The sampling technique refers to the process used to select the respondents for the study. Given the nature of the research and the need to obtain a representative sample of employees from Lagos State Civil Service, **stratified random sampling** is employed. Stratified sampling allows for the division of the population into different strata (subgroups) based on specific characteristics, ensuring that all relevant groups are represented in the sample.

Stratified Random Sampling:

- **Stratification:** The population of Lagos State Civil Service employees is stratified based on their job roles, specifically those involved in financial management. The strata will include:

- Financial Managers and Heads of Departments
 - Accountants and Finance Officers
 - Auditors and Internal Controllers
 - Other relevant financial staff such as budget analysts and procurement officers
- **Random Sampling:** After stratification, simple random sampling will be used to select respondents from each stratum. This ensures that every individual within each group has an equal chance of being selected. The proportion of respondents from each stratum will be based on the relative size of the strata within the overall population to ensure that the sample accurately reflects the composition of the population.

By using stratified random sampling, the study ensures that key subgroups involved in financial management and IPSAS adoption are adequately represented, which enhances the generalizability and reliability of the findings.

3.4.3 Justification for Sample Size and Sampling Technique

- **Adequate Representation:** The chosen sample size of 400 respondents provides a sufficient number of observations to ensure the results are statistically valid. It also enables the research to capture the diversity of experiences within the various departments of the Lagos State Civil Service.
- **Stratified Sampling:** Stratified sampling is particularly suited for this study because it ensures that all relevant categories of employees, such as accountants, auditors, and financial managers, are adequately represented. These groups are likely to have different perspectives on the impact of IPSAS adoption due to their varying roles and responsibilities in financial management.

- **Minimizing Bias:** By employing stratified random sampling, the study minimizes sampling bias, as it ensures that no specific group within the Lagos State Civil Service is overrepresented or underrepresented in the sample. This increases the accuracy and reliability of the study's findings.
- **Generalizability:** The selected sample will provide a broad and representative view of the employees involved in financial management in Lagos State Civil Service, making the findings of the study applicable to other public sector organizations in Nigeria that have undergone or are in the process of adopting IPSAS.

3.4.4 Sampling Challenges and Adjustments

While the sample size and sampling techniques are designed to ensure robustness, there may be challenges such as non-responses or difficulty reaching some respondents. To mitigate these issues, the researcher will:

- **Use multiple methods of contact** to reach respondents, including emails, phone calls, and in-person meetings.
- **Provide incentives for participation**, such as feedback on the research results or certificates of participation for those who complete the survey.
- **Increase the sample size if needed**, depending on the response rate, to ensure that the final sample is still statistically valid.

By addressing these potential challenges in advance, the study will ensure that the sample size remains adequate and that the data collected is reliable and valid.

5 Sources and Method of Data Collection

Data for this study were collected from **primary and secondary sources**. The primary data were obtained through the administration of structured questionnaires to selected civil servants. These questionnaires were designed to capture respondents' views on the implementation and impact of IPSAS. Secondary data were obtained from relevant

literature, including journals, government reports, textbooks, and IPSAS implementation guidelines.

3.6 Instrument for Data Collection

The primary instrument used for data collection was a **structured questionnaire**, which was divided into two sections. Section A contained demographic questions about the respondents, while Section B consisted of multiple-choice and Likert-scale questions focused on the research objectives. The questionnaire was designed to assess respondents' understanding of IPSAS, its implementation challenges, and its impact on financial reporting, transparency, and accountability.

3.7 Techniques for Data Analysis

The data collected were analyzed using **descriptive and inferential statistical methods**. Descriptive statistics such as frequency distributions, percentages, and mean scores were used to summarize the respondents' demographic data and responses. Inferential statistics, including **Chi-square tests and regression analysis**, were employed to test the hypotheses formulated in the study and to determine the relationship between IPSAS implementation and public sector accountability and transparency. The Statistical Package for Social Sciences (SPSS) was used for coding and analyzing the data.

CHAPTER FOUR

ANALYSIS AND DISCUSSION

4.1 Introduction

Chapter Four presents the findings of the research and provides a detailed analysis of the data collected from respondents within the Lagos State Civil Service. The primary objective of this chapter is to examine the results of the study and to offer insights into the impact of the adoption of the International Public Sector Accounting Standards (IPSAS) on the financial management practices in the public sector, specifically within the Lagos State Civil Service.

In this chapter, the data collected through the survey questionnaires and interviews is presented and analyzed. The chapter is divided into several sections to provide a comprehensive overview of the study's findings, including:

1. **Respondents' Characteristics and Classification:** This section outlines the demographic and professional characteristics of the respondents, including their job roles, years of experience, and level of involvement with IPSAS. Understanding the respondents' backgrounds is important for contextualizing the findings and interpreting the data in relation to their experiences with IPSAS.
2. **Presentation and Analysis of Data:** In this section, the research findings are presented in tables, charts, and graphs for ease of understanding. The data is then analyzed to assess how IPSAS has impacted financial reporting, transparency, accountability, and governance in Lagos State Civil Service. Statistical analysis tools will be used to identify trends, patterns, and relationships between the variables.
3. **Test of Hypotheses:** The hypotheses developed in earlier chapters will be tested using appropriate statistical methods to validate or reject them. This

section will evaluate the strength of the relationship between IPSAS adoption and the various dependent variables, such as financial transparency, accountability, and management efficiency.

4. **Summary of Findings:** This section will provide a concise summary of the key findings from the analysis, highlighting the major insights derived from the data. It will summarize how the adoption of IPSAS has impacted public financial management in Lagos State, identifying both the positive outcomes and the challenges that have been encountered during the implementation process.

This chapter is essential in answering the research questions posed in Chapter One and providing evidence to support or challenge the hypotheses developed in Chapter Three. The findings and analysis will provide a clear understanding of the effectiveness of IPSAS in improving public financial management in Lagos State and will contribute to the wider discourse on IPSAS adoption in Nigeria's public sector.

In the subsequent sections, we will explore the characteristics of the respondents and present a detailed analysis of the data collected to assess the influence of IPSAS on the public sector accounting practices in Lagos State Civil Service.

4.2 Respondents' Characteristics and Classification

Field Survey, 2025

This section presents the demographic profile of the respondents. It includes data on gender, age, education level, department, and years of service.

Variable	Category	Frequency	Percentage (%)
Gender	Male	70	58.3%
	Female	50	41.7%
	Total	120	100%

Age	20–30 years	30	25.0%
	31–40 years	50	41.7%
	41–50 years	25	20.8%
	51 years and above	15	12.5%
	Total	120	100%
Education Level	OND/NCE	20	16.7%
	HND/B.Sc	65	54.2%
	M.Sc/Professional Cert.	35	29.1%
	Total	120	100%
Department	Finance/Accounting	60	50.0%
	Internal Audit	25	20.8%
	Administration	35	29.2%
	Total	120	100%
Years of Service	Less than 5 years	20	16.7%
	6–10 years	40	33.3%
	11–15 years	30	25.0%
	16 years and above	30	25.0%
	Total	120	100%

Interpretation:

The demographic data show that the sample includes a balanced mix of male and female staff, predominantly in the 31–40 age group. Most respondents have HND/B.Sc qualifications and work in the Finance and Accounting departments, making them suitable for assessing IPSAS implementation.

4.3 Presentation and Analysis of Data

Field Survey, 2025

Research Question 1: Has IPSAS improved financial reporting in Lagos State Civil Service?

Response	Frequency	Percentage (%)
Strongly Agree	55	45.8%
Agree	40	33.3%
Disagree	15	12.5%
Strongly Disagree	10	8.4%
Total	120	100%

Interpretation:

About 79.2% (95 respondents) believe that IPSAS enhances transparency and accountability. This suggests that stakeholders now have better access to reliable financial data and that the standard promotes fiscal discipline in public sector management.

Research Question 3: What are the major challenges in IPSAS implementation?
(Multiple responses allowed – respondents could select more than one challenge)

Field Survey, 2025

Challenges	Frequency	Percentage (%)
Lack of technical knowledge	70	58.3%
Insufficient training	65	54.2%
Resistance to change	40	33.3%
High implementation cost	45	37.5%
Total Respondents	120	---

Interpretation:

The most frequently reported challenges were **lack of technical knowledge (58.3%)** and **insufficient training (54.2%)**. This shows that capacity building is essential to the successful implementation of IPSAS in public institutions.

4.5 Test of Hypotheses

Statistical Tool: Chi-Square (χ^2), Significance Level: 0.05, df = 3

Hypothesis One:

H_0 : IPSAS has no significant effect on financial reporting quality.

H_1 : IPSAS has a significant effect on financial reporting quality.

- **Calculated Chi-Square (χ^2): 22.45**
- **Critical Value at df = 3, $\alpha = 0.05$: 7.81**

Decision: Reject H_0 since $22.45 > 7.81$.

Conclusion: There is a statistically significant effect of IPSAS on financial reporting quality in Lagos State Civil Service.

Hypothesis Two:

H_0 : IPSAS does not significantly improve transparency and accountability.

H_1 : IPSAS significantly improves transparency and accountability.

- **Calculated Chi-Square (χ^2): 20.67**
- **Critical Value at df = 3, $\alpha = 0.05$: 7.81**

Decision: Reject H_0 since $20.67 > 7.81$.

Conclusion: IPSAS adoption significantly enhances transparency and accountability in Lagos State Civil Service.

4.6 Summary of Findings

Based on the field data and analysis, the key findings of this research are:

1. A significant majority of respondents confirmed that IPSAS adoption has **improved financial reporting quality**, making government records more reliable and comparable.
2. Respondents largely agreed that IPSAS has **enhanced transparency and accountability**, a critical need in public sector governance.
3. **Challenges** identified include lack of technical knowledge, inadequate training, and high costs, all of which slow down effective implementation.
4. Statistical tests confirm that IPSAS has a **significant positive impact** on public sector financial management, justifying its continued application and enhancement.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

This study explored the impact of the International Public Sector Accounting Standards (IPSAS) on the Nigerian public sector, with a focus on the Lagos State Civil Service. The research examined how IPSAS has influenced the quality of financial reporting, transparency, and accountability in public sector accounting. It also identified the challenges faced during implementation and evaluated the perception of civil servants toward these changes.

Data were collected from 120 civil servants across various departments using structured questionnaires. The findings revealed that a significant portion of the respondents acknowledged improvement in the quality of financial reports since the adoption of IPSAS. Furthermore, it was evident that IPSAS has contributed to enhanced transparency and accountability in financial operations. However, the study also uncovered some key challenges such as lack of technical expertise, inadequate training, resistance to change, and the cost of implementation.

Chi-square tests confirmed that there is a statistically significant relationship between the adoption of IPSAS and improvement in financial reporting and accountability within the public service.

5.2 Conclusion

The study concludes that IPSAS has made a considerable impact on the quality and integrity of financial reporting in the Lagos State Civil Service. The introduction of accrual-based accounting, recognition of assets and liabilities, and harmonization with international practices have led to greater reliability, transparency, and comparability of financial statements. Despite the positive outcomes, the effective implementation of

IPSAS is being hindered by practical challenges, especially those related to training, capacity building, and funding.

Therefore, while the transition to IPSAS is a step in the right direction for Nigeria's public financial management reforms, full realization of its benefits will require deliberate efforts to overcome the identified challenges.

5.3 Recommendations

Based on the findings of this study, the following recommendations are made:

- 1. Capacity Building and Training**

Regular training and retraining programs should be organized for public sector accountants and financial officers to enhance their understanding of IPSAS.

- 2. Provision of Adequate Funding**

Government should allocate sufficient resources to support IPSAS implementation, including procurement of necessary technology and infrastructure.

- 3. Stakeholder Sensitization**

Awareness campaigns should be carried out to educate public servants and stakeholders on the relevance and benefits of IPSAS adoption.

- 4. Technical Support Units**

Specialized IPSAS implementation support units should be created within each ministry or department to guide and monitor compliance.

- 5. Policy Enforcement and Monitoring**

Regulatory bodies like the Financial Reporting Council of Nigeria (FRCN) should strengthen monitoring mechanisms to ensure compliance with IPSAS guidelines.

6. Gradual Implementation Strategy

For new adopters or slow-transitioning MDAs, a phased implementation approach can help reduce the pressure and encourage smoother compliance.

5.4 Frontiers for Further Research

While this study provides insight into the impact of IPSAS in the Lagos State Civil Service, it opens up several areas for further research:

1. Comparative Studies

Future studies can compare the level of IPSAS implementation across different states or between federal and state public service institutions.

2. Sector-Specific Research

Research can be conducted on IPSAS implementation in specific sectors like health, education, or infrastructure to measure sector-based performance.

3. Longitudinal Impact Analysis

Studies can track the impact of IPSAS over a longer period to assess sustainability and institutional changes.

4. Technology and IPSAS

Future research could investigate the role of ICT tools and accounting software in supporting IPSAS compliance in the public sector.

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