



Public Sector Accounting Reforms in Nigeria: A Critical Analysis

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Abstract

An appropriate accounting system useful for performance measurement which is a major objective of the public sector reform should provide information that can be used to assess both the efficiency and effectiveness of decision-making. Efficiency is the analysis of input-output relationships while effectiveness measures the extent to which policy objectives are attained. With that situation, public sector accounting reforms (PSA reforms) becomes a thing of importance with government regularly reviewing it given its place in the scheme of things. . This paper critically examines the public sector accounting reforms in Nigeria in recent times, looking at the strategies that are adopted to achieve this reforms and as well as the challenges inherent in implementing the reforms. The paper adopts Meta-analysis methodology. The study reviewed and anchored on Contingency Model of Government Accounting Innovation and systems approach theory. Past empirical literature reviewed showed a gap as they left out strategies that could be used in implementing PSA reforms within the developing country context. The paper via its literature review highlighted some of the strategies or approaches adopted for effective public sector accounting reforms to include that of cash or accrual basis IPSAS or phrasal transition from cash to accrual-based accounting among others. While this strategy is implemented, there are challenges. Some of the challenges as discussed in the paper includes: (i) political support and willingness of the key stakeholders to initiate and carry out the reform; (ii) agreement on a reform strategy and feasible implementation timeline; (iii) establishment of proper reform coordination and management arrangements; (iv) availability of required resources, including financial and human; (v) amendment of legal and regulatory frameworks; (vi) definition of structure of the new PSA system; (vii) definition of risk management and mitigation mechanisms among others. The study concludes that while these challenges are there, PSA reforms must continue. However, to get the best of the reforms, an all-inclusive strategy and approaches must be adopted otherwise PSA reforms will continue to suffer. The study recommended among others that there should be national standards developed while taking the latest international context into account by moving them close to IFRS / IPSAS. Professional Bodies in Nigeria such as ICAN and ANAN must play active role in the training and retraining of manpower, and must work in collaboration with government at all levels to carry out this task of manpower development. Remuneration of accountants in government should be improved to retain qualified personnel for government business.

Keywords: Challenges, Nigeria, Public Sector Accounting (PSA) Reforms, Strategies

INTRODUCTION

Public sector reform is one of the elements of economic reforms. In the past, it focused on structural reforms and capacity building, but recently, it is shifting its focus to the need for governments to demonstrate quality improvements and value for money in public services. It entails role changes and impacts on public/private relationships, resource use and efficiency, and decentralized planning. It is actually an integrated package of reforms that may include financial reforms, public service reforms, and workplace relations (Okoroafor, 2022). This gave rise to Public sector accounting reforms in

Nigeria. Furthermore, the historical perspective of public sector reforms in Nigeria could be traced to 2004 when it was introduced by the then government, but the legal framework was signed into law as the Fiscal Responsibility Act (2007).

Prior to the reforms, the Nigerian public sector underperformed and imposed a significant financial drain on the treasury, thus state-owned enterprises were managed poorly and became liabilities to the state (Okonjo-Iweala & Osafo-Kwaako, 2007; Soludo, 2007; Okoroafor, 2022). The Public Sector Reforms is one of the four major components of the comprehensive economic reform programme introduced shortly after the return of democracy in Nigeria. Under the public sector reform, there has been a restructuring of some government agencies and an increased focus on service delivery. Being so, public expenditure and matching results with expenditure form the focal point of the reforms in this area. The reforms in this area have given rise to a number of Bills and Acts such as the Fiscal Responsibility Act and the Public Procurement Act.

The Public Sector Reform was embarked upon to improve efficiency, fiscal accountability and transparency in the public sector. These, in turn, should translate to improved economic and development indicators such as per capita, fiscal balance, rate of inflation, GDP, citizen welfare in terms of life expectancy, availability of adequate health and other social services, as well as good business climate needed to expand the economy (Okoroafor, 2022). The need for Public sector reform in Nigeria arose due the poor performance of the Nigerian economy which was usually attributed to two major factors. One is the inefficient and ineffective use of resources and leakages. Two is the absence of adequate framework to properly direct planning and execution of programmes. This is despite the introduction of the public sector reforms and the fact that the reforms have a legal framework embodied in the FRA 2007 which provides for performance budgeting via the Medium-term Fiscal Strategy (MTFS), Medium-term Expenditure Framework (MTEF), and Medium-term Revenue Framework (MTRF) (Okoroafor, 2022).

Moreover, the FRA 2007 has clauses that empower the Fiscal Responsibility Council, which has the responsibility to implement the provisions of the Act, to fashion out and adopt adequate and appropriate accounting systems to ensure the achievement of the reform objectives. An appropriate accounting system useful for performance measurement which is a major objective of the public sector reform should provide information that can be used to assess both the efficiency and effectiveness of decision-making. Efficiency is the analysis of input-output relationships while effectiveness measures the extent to which policy objectives are attained. With that situation, public sector accounting reforms (PSA reforms) becomes a thing of importance with government regularly reviewing it given its place in the scheme of things.

In a recent publication by IFAC, it was argued that implementation of PSA reforms, based on the good international standards and practices, such as IPSAS, represents an opportunity for governments to significantly improve: (i) the quality, reliability, and comparability of their financial information; (ii) decision-making process of the high-level public officials; and (iii) the overall levels of fiscal transparency and public sector accountability and performance (IFAC, 2022). Further, there are several main approaches of the PSA reform implementation that could be observed across the globe and in most developing countries beneficiary specifically, including adoption of cash or accrual basis IPSAS, and development of national PSA standards, which might or not be aligned with the IPSAS or IFRS (IFAC, 2022). Nigeria is not left out in this feat, however its benefits lies in adopting the best strategies based on international standards that could ensure that the objectives of embarking on such reforms is achieved.

Given this overview, the paper's objective is to critically examine the public sector accounting reforms in Nigeria in recent times, looking at the strategies that are adopted to achieve these reforms and as well as the challenges inherent in implementing the reforms. The paper is divided into sections 1- 5. Section 1 is the introduction providing an overview and the objectives of the paper. Section two is the literature review discussing the conceptual as well as theoretical review and empirical studies. Section 3 is the methodology while sections four and five are the discussion of findings highlighting the strategies and challenges while section 5 concludes with summary and recommendations respectively.

2. LITERATURE REVIEW

2.1 Conceptual Review

Concept of Public Sector Accounting and Practices

Public sector accounting would be better understood and defined when the concept of public sector is understood. Public sector is a political organisation set up with the power to direct, regulate and control the activities of citizens to enable them live together harmoniously and to solve their common problems effectively (Nurissah, 2014). In that vein, he defined public sector accounting as accounting activities concerned with recording and managing the public property for the purpose of discharging the accountability of government. Thus, there are many accounting practices that can be implemented in government for the purpose of achieving best results in accounting records and decision making. The handy tools (ie best practices) so far bandied about for the past twenty years and more, are: accrual accounting in government and output/outcome-based budgeting (Mbe, 2017). Thus reforms towards better public sector accounting are based on those that have a way of improving the applications of the handy tools available.

Accrual Based Accounting

Accruals and deferrals are the basis of the accrual method of accounting, the preferred method by generally accepted accounting principles (GAAP) (Tuovila et al, 2022). Using the accrual method, an accountant makes adjustments for revenue that has been earned but is not yet recorded in the general ledger and expenses that have been incurred but are also not yet recorded. The accruals are made via adjusting journal entries at the end of each accounting period, so the reported financial statements can be inclusive of these amounts. In accrual-based accounting, revenue is recognized when it is earned, regardless of when the payment is received. For example, if a company provides a service to a customer in December, but does not receive payment until January of the following year, the revenue from that service would be recorded in December, when it was earned. Similarly, expenses are recorded when they are incurred, regardless of when they are paid. Similarly, if a company incurs expenses in December for a service that will be received in January, the expenses would be recorded in December, when they were incurred (Tuovila et al., 2022).

Regarding the Accrual Based accounting in Public sector, the International Federation of Accountants (IFAC) and the International Public Sector Accounting Standards Board (IPSASB) have encouraged the adoption of Accrual-Based Accounting claiming that it reinforces the principles of transparency and accountability (Abdullahi et al, 2023). Under the Accrual Basis of Accounting transactions and other events are recognized when they occur (and not only when cash or its equivalent is received or paid). This is in agreement with what is required of the private sector publicly listed companies to ensure that investors receive fully transparent financial information. Under Accrual Accounting there is reporting of assets, liabilities, net assets/equity, revenue, and expenses, and not just cash flows and cash balances (Vani 2010).

Historically Chile was the first state that introduced Accrual Accounting for the public sector in early 70s followed by New Zealand in 1990, thereafter many other countries have followed including Nigeria which made its first pronouncement in 2010. As documented by Abdullahi et al (2023), Nigeria made a pronouncement for the adoption of IPSASs since 2010. The roadmap for its adoption and implementation was one that necessitated a move by public sector entities to first of all migrate to the use of cash-based IPSAS for the preparation of accounts by 2014 and to later on migrate fully to accrual-based IPSASs by 2016. But some ministries are still in the process of adopting the standard and those who have started implementing accrual basis IPSASs, did not implement the full requirements of the standards (Idris, 2016; Abdullahi et al., 2023). Calls for adoption of accrual based accounting are justified on the basis of the merits associated with using this type of accounting system. some of the merits are seen in the following: provision of financial position of an entity based on disclosure of current assets and liabilities so that decision making can be enhanced; provides information on financial performance. Accrual Accounting provides information on revenues and expenses, including the impact of transactions where cash has not yet been received/paid. Knowing revenues is essential for assessing the impact of taxation on the government's fiscal position and the need for borrowing in the long term. Other areas where accrual based accounting impacts positively is on management of cash flows both actual and projected as well as on the area of reporting and budgeting (Onuorah & Ebimowei, 2012; Abdullahi et al., 2023)

Concept of Outcome-based budgeting (OBB)

Under the OBB approach, emphasis is given to the outputs/outcomes or results as well as effectiveness of projects and programmes, compared with expenditure and input, in addition, government expenditure should emphasize value for-money as well as programmes and projects with high multiplier effect". According to Malaysian Ministry of Finance, (2010) Outcome Based Budgeting (OBB) is an integrated process incorporating five main development components, viz: planning, budgeting, monitoring and evaluation, accountability and management information system. By integrating these components, OBB seeks to enhance public sector management's effectiveness and efficiency. Thus OBB allows the cascade from national, ministry and department/activities and fosters clear and unified lines of responsibility and creates better audit oversight and reporting.

It focuses on results rather than the input utilization. OBB includes three key components: Results-Based Budgeting (RBB), Results-Based Performance Evaluation and Results-Based Management Information System. Kibbler et al. (2002) posit that output/outcome-based budgeting is similar to programme budgeting. They explain outcomes as the impacts on or the consequences for or on the community as a result of the activities of government. Outputs mean the goods or services that are produced by a department or entity, (Ambe, 2017). Emphases are thus shifted from inputs: how much was spent, to what was money spent for and why? This has helped so much to place focus on what goods and services government is producing and what they cost. These budgets none-the-less, are again translated or are translatable to inputs in order to facilitate government budgetary control and for the compilation of government returns and statistics.

Lane (2006) on his part quickly ties OBB system of budgeting to accrual accounting. He says OBB can provide assistance in efforts to improve public management practices. There are interesting changes ahead to any country embarking on accounting and financial reforms, and to Lane (2006), the shift is in the presentation of public sector budgeting information on an accrual and output basis. He says that as a matter of fact, the adoption of the accrual

accounting and budgeting techniques have been part and parcel of broad-based public sector reforms including the new managerialism, contracting, and market based activities, (Lane, 2006). Thus there is a marked trend within the public sectors of many nations to move from traditional cash based budget-reporting to accrual-based budgeting and this latter facilitates greater focus on outputs and outcomes. This is found to be in various degrees or stages in transiting countries (Ambe, 2017)

International Public Sector Accounting Standards (IPSAS)

Based on the need for more reliable and transparent accounting information that is guaranteed through the accrual accounting, the calls for adoption of IPSAS was borne. This is now vigorously pursued by various governments around the world. Ijeoma and Oghoghomeh (2014) suggests that while commercial entities across the world are moving towards the International Financial Reporting Standards(IFRS), governments are attempting harmonization with the IPSAS. The pressures for these are coming from International and regional organisations such as World Bank, African Union (AU), Economic Community of West African States (ECWAS), multinational organisations and internal quest for timely, clear and open financial statements. The UN Food and Agricultural Organisation (FAO),(2006) said that “the adoption of IPSAS and the consequent changes to the basis of recognizing expenses (and potentially also income) raises issues with respect to the current budgeting policy . This is because there is a requirement under IPSAS to provide reconciliation between the actual expenses in financial reporting and the budget . The changed basis of expense recognition in the financial statements would need to be reflected in the budget to facilitate reconciliation of the results. The requirement under IPSAS to recognize and depreciate capital assets illustrates the point. Currently financial reporting and budgeting are on the same cash basis in that the acquisition cost of capital assets are expensed in the year of acquisition. It is so for all nations which have not reformed. However, IPSAS will recognize the expense of a capital asset as depreciation (non-cash) and spread it over the useful life of the asset. (Ambe, 2017)

Public sector accounting reforms:

PSA reforms, based on a robust set of international standards for the public sector and good international practices, such as International Public Sector Accounting Standards (IPSAS), represents an opportunity for governments to not only improve the quality and reliability of their public financial information that could be used for decision-making, but also to: (i) Assess the financial position, financial performance, and cash flows of the governments, (ii) Promote consistency and further comparability with peers at both regional and global levels, (iii) Strengthen public investment planning and state assets management.(iv)Achieve greater levels of fiscal transparency and accountability. In addition, it also brings about some indirect benefits such as (i) improve the quality of public services provided; (ii) ensure fiscal stability and promote national economic growth; and (iii) improve the acceptability and credibility of governments (IFAC, 2022). On the local level, reforms that would be affective are reforms that would be focused towards tackling issues such as lack of political will, infrastructure issues, manpower, collaboration, coordination, legislation and culture change on IPSAS implementation in Nigeria (Abdullahi et al, 2023), otherwise, it would not produce the required effect.

2.2 Theoretical Review and Framework

2.2.1 Contingency Model of Government Accounting Innovation

Lüder (1992) developed and published the Contingency Model of Government Accounting Innovations in an attempt to explain the transition from traditional government accounting to a more informative system. According to him, a more informative system performs two functions:

i). It supplies comprehensive and reliable information on public finance, and ii). it provides a basis for improved financial control of government activities. However, Chan (2003) pointed out that the Contingency Model (Lüder, 1992) was not explicit about what constitutes a more informative system, it may be inferred that such a system would call for full disclosure of a government’s financial condition and performance, measured under the accrual basis of accounting.

In his own work, Ouda (2004) proposed a model that specifies the basic requirements that should be available if a certain country confirmed its intention to implement accrual accounting in the public sector. In other words, it brings the government’s attention, from the outset, to the changes and factors that should be made simultaneously and coordinated if it wants to implement the accrual accounting in the public sector in an efficient, effective and economic way, to attain the target benefits from that implementation and to avoid the problems which can emerge if these factors or one of them have not been taken into consideration. He refers to these factors as the driving forces of government accounting changes and can be one or more of the following stimuli: Financial Problems; Financial Scandal; Corruption and Fraud; Globalization; Economic Crisis; and Change Agent (Okoroafor, 2022).

However, Ouda’s model (Ouda, 2003), though useful in evaluating performance, cannot be used for comparative analyses, monitoring, and predictive purposes. This is so because it does not take into consideration other factors such as inflation, population growth rate, and other variables that impact the value of economic indicators. This evidently creates significant knowledge gap. There is no evidence that another model to smoothen such distortions and shortcomings that are inherent in the above model has been developed (Okoroafor, 2022), hence the criticism of the model remains.

System Approach theory

The evolution of System approach theory can be traced to General System Theory advanced by a Biologist – Ludwig Von Bertalanffy as a response to the increasing fragmentation and duplication of scientific and technological research and decision making in the first half of the 20th century (Laszlo & Krippner, 1998). System theory was propounded by von Bertalanffy in 1937 when he first presented his idea of a 'General System Theory' in a philosophy seminar at the University of Chicago. It became an interdisciplinary theory in 1950s when Kenneth Boulding, an economist, Anatol Rapoport, a mathematician and Ralph Gerard a physiologist came together in 1954 at the Palo Alto Centre for Advanced Study in the Behavioural Sciences (Laszlo & Krippner, 1998).

Laszlo and Krippner (1998) defined a system as a group of interacting components that conserves some identifiable set of relations with the sum of the components plus their relations (i.e., the system itself) conserving some identifiable set of relations to other entities (including other systems). According to the system approach theory, all parts of a system are related to each other and any change in one part of a system may require the consideration of appropriate change(s) in other parts of the organisation, otherwise, the system may not work properly (Ogungbade et al., 2017). In line with this is the accounting and financial management information system that is used to implement the accounting for Public sector.

Accounting Information System

Accounting and Financial systems are crucial subsystems of management information systems (MIS) (Ordu et al., 2023). Their major function has been to process financial transactions as well as non-financial transactions that directly affect the processing of financial transactions. For example, documentation policies and personnel methods used to prepare accounting reports which support decision making processes. Accounting and Financial Information System (AIS) is seen as providing financial data for managerial functions such as planning, controlling, providing performance reports of the variances generated and special reports to analyse problem areas. Similarly, to Kaplan et al., (1998) retains and generates the information to be used by the organisation to plan, evaluate and diagnose the dynamics of operations and financial circumstances. AIS is a major source of information to decision makers in government, government parastatals, business or organisations and not-for-profit or organisations, Abio (2021) identified four major sub-systems composing the AIS: the transaction Processing System; the general Ledger/financial reporting system; the fixed assets system; and the management reporting system (Ordu et al., 2023). Therefore, the government accounting and financial system is an integrated financial information system developed within the Office of the Accountant General or Treasurer General and includes sub-systems as; the accounting system, the payment systems, investment and loans systems and financial management system. These systems should usually be designed to collect and integrate all data from departmental data base for storage in a centralised data base for use in further analysis and centralised decision making (Ambe, 2017).

2.2 Empirical Literature Review

Abdullahi et al (2023) in their recent study focused on the determinants of Accrual Basis International Public Sector Accounting Standards' (IPSASs) Implementation in Nigeria. The study investigated the determinants of accrual basis IPSASs implementation in the Nigerian Federal Government Ministries (using Abuja as the study area) with the view to further provide empirical evidence on the determinants. Survey of the federal ministries was conducted to collect data on perceptions of accountants, internal auditors, and budget officers on the determinants of accrual basis IPSASs implementation in Nigeria. The population of the study comprised the 656 accounting staff of all the 24 Federal Government Ministries in Nigeria. The sample size was 339 accounting staff selected using proportionate stratified random sampling techniques. Partial Least Squares Structural Equation Modeling (PLSSEM) was used for data analysis. The study found that political will, Infrastructure, manpower, and Culture Change were all positive and significantly related to accrual basis IPSASs implementation in Nigeria. While, collaboration and legislation are positive but insignificantly related to accrual basis IPSASs implementation in Nigeria. The study concluded that political will, infrastructure, manpower, and culture change have impacted on accrual basis IPSASs implementation in Nigeria. However, collaboration, coordination and legislation have not impacted on the accrual basis IPSASs implementation in Nigeria. The study recommended that there should be an increased involvement of executives and legislatives, active participation, and provision of adequate funds to facilitate the implementation process. Again, government should provide the additional needed skilled personnel to handle the accrual basis IPSASs implementation and consider the benefits of Collaborating with other governments who are successful in IPSASs implementation.

Okorafor (2022) study evaluated the implementation frameworks and processes in the Nigerian public sector reforms and finds that there is a lack of model for direction and a lot of gaps exists as a result. The study employed the descriptive and ex-post facto research designs. Samples were drawn from macro-economic indices published in the Statistical Bulletin of the Central Bank of Nigeria. The data were subjected to statistical analyses using simple percentages, graphs, correlation analyses, and regression analyses statistical models. Findings revealed that the present cash-based accounting and budgeting systems have not supported the achievement of economic and development targets as major objectives of the Public Sector Reform as embedded in the Fiscal Responsibility Act (FRA) 2007. A model developed by the

researcher was proposed as a guide for economic and fiscal planning, and to reflect the relationships which have been established by the findings of this research.

Jayasinghe et al (2021), study focused on Government accounting reforms in Sub-Saharan African countries and the selective ignorance of the epistemic community: A competing logics perspective. The objective of the paper was to assess existing local accounting and financial reporting practices in Sub-Saharan Africa (SSA), focusing on the extent to which recent government financial statements published by ten selected countries adhere to mainstream qualitative features of public sector reporting. Second, it investigates the multiple institutional logics at play in the context of government accounting reforms (GARs) in SSA, involving international organisations, epistemic community members, policy makers and local actors. Data for the study were drawn from a content analysis and disclosure scoring of ten SSA government financial statements, supplemented by forty semi-structured interviews carried out in Nigeria and Tanzania. The findings of the study demonstrated how the generalised assumptive logics of international organisations, coupled with the market and professional logics of epistemic community members and state logics of local politicians, have led to the marginalisation of 'good' existing accounting and financial reporting practice in SSA (as reflected by the extent to which government financial statements adhere to mainstream features of public sector reporting) - while providing the countries with a strong impetus for undertaking a transition towards large-scale GARs involving accrual accounting and IPSASs. The role of the epistemic community in selectively ignoring the positive aspects of local accounting practice is a significant impediment. In this way, members of this epistemic community continue to execute their 'relational power' generated through professional knowledge, expertise and elite connections over the local actors, hence upholding the generalised assumptive logics. The paper suggested that public accountability and transparency can be strengthened in SSA countries provided there is an 'intelligent' application of existing regulations and accounting systems, rather than seeking to merely replace them with externally imposed large-scale GARs.

Abio (2021) study focused on Information & Communication Technology and Management Accounting Practices: Evidence from Listed Industrial Goods Firms in Nigeria. The study investigated the relationship between information & communication technology systems and Management Accounting Practices of quoted manufacturing companies in Nigeria within the period of 2010 -2019. The specific objectives were to investigate the relationship between Management Information System (MIS) and Costing Management Method (CMM); and Budgeting Management Method of quoted manufacturing companies in Nigeria, and investigate the relationship between Decision Support System (DSS) and Costing Management Method (CMM); and Budgeting management method. A cross-sectional survey was employed. The population of the study was thirteen (13) companies quoted in Nigerian Exchange as of September 2020 in the industrial goods manufacturing sub sector. The unit population was the staff from departments such as Finance and Accounts, Procurements, Operations, and Information and communication Technology (ICT) departments, focusing on top management, middle management and functional management levels. Using purposive sampling technique seven (7) of the quoted companies were chosen for the study. 84 copies of questionnaire were used for data gathering. Descriptive statistics and Spearman's Rank Order Correlation Coefficient, statistics was used for data analysis. The result of the study showed that management information system has a very strong and significant relationship with costing management method and budgeting management method of quoted industrial goods manufacturing companies in Nigeria; Decision support system has a very strong and significant relationship with costing management method and budgeting management method as well. The study concluded that information & communication technology system has a very strong relationship with management accounting practices of manufacturing companies in Nigeria. The study recommended among others that industrial goods manufacturing companies should be encouraged to go fully computerized thereby changing from the traditional management accounting systems to the contemporary systems, this way they would be able to compete with other businesses globally given the trend in globalisation and computerization of operations in this contemporary times. Also they should focus on the development of Decision support systems since this system is very useful for the strategic managers in modelling and forecasting for easy decision making. This would enable them make strategic decisions in the company quickly.

Uchehara and Ogbonna (2017), study focused on the challenges confronting public sector Accounting and financial management: A perspective of professional Accounting practice in Nigeria. Chi square was used to test the validity of the research hypothesis which revealed that challenges confronting public sector has impact on financial statement which is alternative hypothesis (H1). A simple questionnaire were administered to collect data used for analysis, the study investigated the respondents on five characteristics namely Gender, Age group, Highest level of Education, Professional qualification, which O cells (0%) have expected frequency of 21.8 while b. 0 cells (0%) have expected frequencies less than 5, and the minimum expected cell frequency 43.5. It was revealed that public sector accounting and financial administration has witnessed a lot of storm of financial mismanagement, maladministration, and financial re-engineering which has devastated the economy and made many citizen unemployed, hungry and unstable. It was recommended that there should be adequate capacity building with the professional accounting bodies with a good system of financial administration reform with global policy such as IPSAS backed with restructure of procedure to strengthen professional independence as to ensure accountability.

Ambe (2017) study focused on Reforming public sector accounting and financial systems: A critique of Cameroon and Nigeria. The study critically assesses the government accounting and financial changes in these two countries. The design, methodology or approach in the study was to examine developments in the accounting and financial reforms in Cameroon and Nigeria using documentary research backed by interviews of senior administrators concerned with government accounting matters in key ministries of Finance, Education and Agriculture e in these two countries. Findings showed that there was a universalist support for accounting and financial reforms, that there were institutional voids, socio political differences, technical and behavioural problems, to name but a few. It is recommended among others that these countries' governments should make available sufficient resources to train personnel which will assure capacity for the new methods and for the building of institutions to cover for infrastructural deficits that exists in these system; they adopt a participative culture as a way to eliminate unhealthy bureaucratic and socio-political behaviour . Executive and parliamentary will is coveted for appropriate and timely execution and monitoring of reform implementation processes.

3. METHODOLOGY ADOPTED

The study adopted the meta-analysis methodology. This methodology involves the study and analysis of recorded human communications such as books, journals, lecture notes, websites and relevant laws (Onyedekun, 2016). Accordingly, relevant literatures from various sources as regards to PSA reforms and implementation were examined and used for this study. In other words it is systematic literature review methodology.

4.0 FINDINGS AND DISCUSSION

4.1 Strategies applied towards PSA Reforms

As earlier stated in section one, on the local level, reforms that would be affective are reforms that would be focused towards tackling issues such as lack of political will, infrastructure issues, manpower, collaboration, coordination, legislation and culture change on IPSAS implementation in Nigeria (Abdullahi et al, 2023), otherwise, it would not produce the required effect. The world bank via its Public Sector Accounting and Reporting (PULSAR) Programme have provided a four point strategy that governments of various nations could use to ensure an effective public sector accounting reforms that will achieve its intended objectives. These approaches are as follows: (i) adoption of cash or accrual basis IPSAS; (ii) transition from cash to accrual-based accounting; (iii) development of national PSA standards, which might or not be aligned with the IPSAS or with the International Financial Reporting Standards (IFRS); and (iv) PSA harmonization between different levels of government (national vis-à-vis subnational) (IFAC,2022).

Furthermore, IFAC (2022) highlighted some of the main interconnected approaches and challenges faced by the countries and different jurisdictions (i.e., subnational governments), and respective lessons learned in terms of implementing an effective PSA reforms. With this, approaches must incorporate the ability to tackle those challenges. The strategies are explained below.

1. Political support and willingness of the key stakeholders to initiate and carry out the reform. This, in some cases, might imply the support from the highest level of authorities, such as a President or a Prime Minister. In some cases, the Ministry of Finance (MoF) assumes the leading role in PSA reform implementation. Other key players, including the Treasury, Supreme Audit Institutions, and Professional Accounting Organizations (PAO), need to be also identified and involved to ensure the success of the reform process, otherwise this approach may not work.

2. Agreement on a reform strategy and feasible implementation timeline. Usually, PSA reforms are ambitious and long-term initiatives that require a lot of planning and coordination. The governments has to develop a comprehensive reform strategy through clear identification of the general and specific objectives and incentives of the reform, while taking into consideration specific country context and lessons learned from implementation of similar reforms in the past. Unrealistic objectives and timelines should be avoided, taking into consideration that implementation of PSA reform is usually taking, at least, three years, but in many cases, it would last for five or more years.

3. Establishment of proper reform coordination and management arrangements. The definition of the reform's governance structure (i.e., agreement on the reform's lead or champion and establishment of high-level steering and operational committees) is another critical element of the reform planning and implementation. Typically, the lead implementation role is assumed by the Ministry of Finance or another agency that is responsible for emission of PSA regulations.

4. Availability of required resources, including financial and human. The governments should be aware that PSA reform, as any other reform, will have costs and will require considerable capacity building effort to train public sector officials that are affected by the reform. In some cases, additional personnel will need to be involved to ensure timely and smooth implementation of the reform, without jeopardizing the day-to-day operation of the current systems. The role of academia and PAO is crucial to ensure long-term supply of trained professionals.

5. Amendment of legal and regulatory frameworks. It will be necessary to assess the compatibility and compliance levels of the current legal and regulatory frameworks with the good international practices or the benchmark framework that is intended to be achieved. The development and enacting of a primary law on PSA are recommended. The delays in updating of the legal and regulatory frameworks might significantly compromise the overall success of the reform.

6. Definition of structure of the new PSA system.

This includes definition of the standard-setting mechanism, as well as the roles and responsibilities of the accounting methodology and operational units within the MoF or other government agency to lead the reform. The organization and structure of the accounting function (i.e., centralized vis-à-vis decentralized accounting) might be also agreed at this point.

7. Definition of risk management and mitigation mechanisms.

As with any other reform, the leading agency or reform implementation team should design adequate risk management and mitigation mechanism to minimize, among others, the creation of bottle necks and the risk of implementation delays. The implementation delays could arise from any of the reform's challenges, explained in this section, if they are not timely and properly addressed.

8. Development of change management and capacity building strategy. Resistance to change at different organizational levels is one of the main risks and reasons for failure of similar reforms. The benefits and implementation status of the reform should be effectively communicated to the key stakeholders. The leading agency should also develop and implement proper communication, dissemination, and training strategies to minimize the risk of the reform sabotage and disruption. Academy and PAOs represent main allies of the government to develop and implementation a comprehensive long-term capacity building program in connection with implementation of PSA reform.

9. Integration between different PFM functions and upgrading the existing or development of a new Integrated Financial Management Information System (IFMIS).

PSA is an integrated part of the broader PFM system, which also includes, among other systems or modules, budgeting, treasury, revenue, debt, fiscal statistics, procurement, etc. The revised PSA system should be interconnected, ideally through an IFMIS, with the rest of the PFM systems. In practice, many countries employ obsolete and isolated systems that use different sources of information and frequently produce inconsistent data that need to be reconciled. Thus, to ensure proper integration between different PFM functions and systems, while improving the quality of financial information, it is recommended to consider updating or developing a new IFMIS in parallel with the implementation of the PSA reform.

10. Establishment of monitoring and evaluation arrangements.

PSA reform is an ambitious and long-term effort. The existence of arrangements for continuous monitoring and evaluation of the reform's progress is crucial to ensure achievement of the reform's results and outcomes during and after the reform implementation is completed.

4.2 Challenges associated with implementation of PSA Reforms:

There are Seven (7) key factors that affect accrual basis IPSASs implementation (IPSASIMPL) and thus affects public sector accounting reforms in nations especially in developing nations. These are namely: Political will (POLWILL) (Political will and support necessary for reforms objectives actualization. political support in terms of active participation of both the executives and legislatures as well as provision of adequate infrastructure is critical to the successful acceptance of IPSASs (Tanjeh, 2016)., Infrastructure (INFRAST) (it is argued that introduction of a new standard require expertise, new technology or amending the existing information technology, cultural changes, co-operation, incentives and penalties and standard software (Lande & Rocher, 2011)., Manpower (MANPOW) (lack of technical personnel imposes a severe constraint to IPSASs implementation, thus human resources are obstacle to overcome in government accounting reform); , Collaboration (COLLABO)(Collaboration between government entities and between the ministries, departments and agencies is an important factor to be considered during the implementation and even at post implementation stages which was lacking within the Nigerian context); . Coordination (COORD) (lack of effective coordination and communication between the civil servants and the accountants, led to the development of a standard which was not really understood, even by those responsible for its development and as a result, it was difficult to convince other stakeholders to support the process of accounting reform., Legislation (LEGISL) (legal barriers/environment that hampers transition to accrual accounting. and Culture changes (CULCHAN) (a change in management culture towards output instead of input and the use of discretion by manager in allocation of resources could motivate manager to adopt new accounting system. Agyemang and Yensu (2017b) documented a significant positive relationship between cultural practices and accrual basis IPSASs implementation (Agyemang & Yensu , 2017a; Agyemang & Yensu, 2017b; Abdullahi et al., 2023).

Other factors as documented by Okoroafor (2022), especially in the past, that have led to inability to actualize the objectives of public sector accounting reforms in Nigeria were issues such as the shortcomings of cash accounting in the public sector where the concern is just on actual cash flows and ensuring that funds are released as approved at the expense of whether or not the objective for which the money is released is achieved. Another reason is the treatment of capital expenditures under cash-based regime. There is no distinction between capital and current expenditures under a cash-based regime. Capital expenditures are not spread out over the life of the project for which it was spent (Okoroafor, 2022). In addition, financial mismanagement, maladministration, and financial re-engineering which have devastated the economy and made many citizen unemployed, hungry and unstable in the past have also hindered the effective of PSA reforms (Uchegara & Ogbonna, 2017).

5. CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

From the review as shown in this paper it can be seen that in practice, many countries and different jurisdictions face multiple challenges associated with PSA reform implementation, including: (i) political support and willingness of the key stakeholders to initiate and carry out the reform; (ii) agreement on a reform strategy and feasible implementation timeline; (iii) establishment of proper reform coordination and management arrangements; (iv) availability of required resources, including financial and human; (v) amendment of legal and regulatory frameworks; (vi) definition of structure of the new PSA system; (vii) definition of risk management and mitigation mechanisms; (viii) development of change management and capacity building strategy; (ix) integration between different PFM functions, and upgrading the existing or development of a new IFMIS; (x) establishment of monitoring and evaluation arrangements. However, while these challenges are there, PSA reforms must continue. However, to get the best of the reforms, and all-inclusive strategy and approaches must be adopted. This paper has highlighted some of the approaches are adoption of cash or accrual basis IPSAS or phrasal transition from cash to accrual-based accounting among others. Based on this the following recommendations are suggested.

5.2 Recommendations

1. There should be national standards developed while taking into the latest international context into account by moving them close to IFRS / IPSAS. Professional Bodies in Nigeria such as ICAN and ANAN must play active role in the training and retraining of manpower, and must work in collaboration with government at all levels to carry out this task of manpower development.
2. Remuneration of accountants in government should be improved to retain qualified personnel for government business.
3. More awareness creation is needed. A lot of workshops, seminars, training and retraining programmes are needed to build the knowledge and understanding necessary to create acceptability of these reforms so as to help make these governments more efficient and effective.
4. While implementation of IPSAS or other standards are not an antidote to corruption and their implementation must bring some conflict with those who do not want it and those who want excess of it. This conflict must be expected and how to manage it expressly spelt out by those in authority. Thus, there must be political will to curb it. The legislature must enact legislations to tackle this.

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