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The Perception of Accountants of the Derivable Benefits from the Adoption of Accrual-Based Accounting in Government Ministries in Bayelsa State

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ABSTRACT
The study looked into the perception of accountants of the derivable benefits from the adoption of accrual-based accounting in government ministries in Bayelsa State. One research question and hypothesis was adopted and used for the study. Descriptive survey design was employed in the study. The population consists of 550 accounting staff in Bayelsa State. A total of 232 accountants were used in Bayelsa State ministry. The study developed an instrument titled "Perception of Accountants of the Derivable Benefits from The Adoption of Accrual-Based Accounting" (PADBAAA). The instrument was face validated by experts in vocational education program from university of Nigeria, Nsukka and Niger Delta University, Wilberforce Island, Amassoma, Bayelsa State. The reliability of the instrument was computed using Crombach Alpha reliability method to obtain 0.88. Data obtained from the study was analyzed using mean, standard deviation and ANOVA. In the results obtained from research question 1, the study found that a large chunk of the respondents pinpointed that the questionnaire items raised are the benefits of accrual-based accounting if adopted. The following are the most perceived benefits from the adoption of accrual-based accounting in government ministries in Bayelsa State in their rank order: More comprehensive financial information will be achieved; it makes accounting work more professional; it increases the validity of financial information; it will lead to better management of account receivables, and that it will bring about better accountability and stewardship with mean values of 3.45, 3.40, 3.30, 3.32 and 3.29 respectively, From hypothesis 1, the study therefore accepted the null hypothesis and concluded that years of experience is not a significant source of difference in the mean ratings of accountants' responses with respect to their perceptions of the derivable benefits from the adoption of accrual-based accounting in government ministries in Bayelsa State. Based on the findings of the study, it was recommended that Nigerian Accounting Standard Board should establish policies that will provide opportunity for accrual-based accounting to be adopted by the three tiers of governments.
Keywords: Perception, Accountants, Derivable, Benefits, Adoption, Accrual-Based Accounting, Government Ministries

INTRODUCTION

The importance of good management of public finances is undeniable to all civilised societies. Government manages resources on behalf of the people they represent, and the process of registering and accounting for the use of these resources is an important part of public sector management. To accomplish these, governments have traditionally made use of public sector accounting (PSA). It uses cash basis of accounting. Cash basis of accounting is a regime in which revenue is recorded only when cash is received and expenditures recorded only when cash is paid irrespective of the fact that the transactions leading to the receipt or payment of the cash may have occurred in a previous accounting

period (Adams, 2005). This goes to show that this system of accounting is very useful but predominantly does not recognize credit transactions and the value of fixed assets are written off in the first year of purchase as mere expenses.

The uses of public sector accounting in the government ministries and departments are broad and diverse. They vary from country to country according to different traditions and regulations. It can be used to register and control public sector assets, liabilities, revenues and expenses; to plan and control the use of public resources by governments; to show how the decisions of governments officials reflect on public financial management; to prepare the financial statements used to analyze and compare the finances and management of public sector entities; to generate financial statistics that are used by international funding organizations; and to help organize public sector financial management (Bruno, 2013). But more is still needed as the control is only to some degree. A yearning for change therefore is to make the public sector accounting operations more productive, viable and optimal in nature.

Globally, a growing trend has emerged towards public sector reform. In addition, the international focus on the improvement of service delivery necessitated a closer look at results and performance of public sector ministries, departments and agencies. Randt in Hendrik (2003) regards this as a fundamental shift in the way public sector departments are managed around the world. Alluding to this view, Bruno (2013) had echoed that over the last thirty years the public sector has gone through a wave of reforms worldwide. This is usually towards the adoption of business-like practices as a way to better manage public resources. These reforms, usually within the New Public Management (NPM) theme, have introduced changes in public sector accounting practices. This is supported by the ideas that modernized governmental management needs useful financial information and that business accounting is able to accomplish this need (Christiaens, Reyniers and Rolle, 2010, Caroline, 2011). To achieve this, International Federation of Accountants (IFAC) had called for a broad and swift action by the G-20 leaders at their June 26th – 27th, 2010 meeting in Toronto, Canada. IFAC therefore alleged that "governments require private sector companies to report high-quality financial information to their investors and stakeholders but they (governments) do not. This study therefore considers the perception of accountants of the derivable benefits from the adoption of accrual-based accounting in government ministries in Bayelsa State.

Statement of Problem

The current public sector financial reporting system in Bayelsa State and Nigeria at large which is on cash basis has been severely criticized by several researchers for not being comprehensive enough to give a true and fair view of government transactions. Thomas (2007) and Obaze (2011) enunciated that "the problem with the cash accounting methodology is that assets and liabilities are not classified in a cycle time/year and thus are hidden from outsiders; however, accrual-basis recognizes liabilities when obligation arises (e.g. amounts payable for goods or services received) and recognizes financial assets when the organization has the right to receive them (e.g. amounts receivable for goods delivered or services performed)". It captures also that no information about fixed assets and their depreciable values is contained in government's statement of financial position. Consequently, Nigeria has lost several billions of naira and is faced with a high level of poverty, poor transparency rating and high cost of borrowing because of poor budget accounting of unspent or unaccountable funds, and that the situation is due to the consequences of the non-business characteristics of government (Shakirat, 2013 and Okpala in Olomiyete 2014). But Obaze (2011) posited that IPSAS will help in presenting an accurate and fair view of government's fiscal position, financial performance and cash flows.

In view of the above short-comings paving way for corruption in the system and coupled with the fact that no empirical work of this nature has been conducted in Bayelsa State, this effort is undertaken to investigate the perception of the accountants, their capabilities and readiness towards effective introduction of accrual accounting system in the ministries. This is intended to install a better financial reporting system in order to achieve a true and fair view of government's transaction at every given point it time.

Literature Review

Derivable benefits from the Adoption of Accrual-based Accounting in Government Ministries

In Tikk (2010), it is enunciated that the necessity of public institutions to work more efficiently is under discussion in almost all developed countries. The most wide-spread reform strategy in the given field is New Public Management (NPM) with the main idea to use the action model of the private sector for the public ones (Christensen et al, 2007). Madise (2000) referring to papers presented by Mastronardi, Schroter and Wollmann summarizes the content of NPM as follows: transition to management by results (orientation to outcome instead of orientation to input); orientation to client; service as philosophy and clients' satisfaction as the criterion of legitimacy of public administration; cost orientation of administrative performance (introduction of shared responsibility for providing a 'service' and the related costs incurred); and service or product orientation (treatment of all the state's activities, both medical care and giving residence or pollution permits as service (products). This creates the awareness that accrual-based accounting system if sincerely applied wield the capability to straighten the financial records for economic sustainability of the public sector because it is more sophisticated and authenticated than cash basis of accounting.

Furthermore, in the Public Audit Reform (2002), it has been widely expatiated that accrual accounting skills were not previously required in government, and in most departments they are still being developed. The benefits of accrual accounting for public services can be summarized as thus: Budgetary compliance: to demonstrate that resources have been used in accordance with budgets; Accountability and stewardship: to demonstrate that resources have been properly applied in accordance with all relevant rules and regulations, limited to the extent and purpose authorized and to assess an entity's management of its assets and liabilities; Operating performance; to make transparent the cost of providing service and activities, in line with an entity's objectives and provide information useful to assess management performance in achieving economy, efficiency and effectiveness; Financial condition: to provide information useful in evaluating a public sector entity's ability to meet its liabilities and commitments; completeness: accrual-based accounting is more complete than cash accounts.

Similarly, the need to include transactions in the period in which they occur reduces the potential for manipulation of accounts and improves comparability between periods and organizations; better planning management and decision making: accrual and objectives of financial management information is essential for good management, decision making and better resource planning and allocation. It makes accounting work to be more professional; ability to change behaviours: better management is possible with accrual accounting but it is automatic. Achieving some changes may also require policy changes or financial incentives; performance management: Good performance management needs effective performance measures. Performance measures or indicators, have to be calculated on the basis of comprehensive and consistent financial and operational data; Assessing Financial Resilience: One of the purposes of published financial statements is that of enabling the user to predict future cash flows and assess resilience or risk. Financial statements cannot foretell the future with complete accuracy but the aim can at least be to give a fair and balanced picture of the past and some signpost to future performance.

More still, the benefits of accrual-based accounting as contained in the International Federation of Accountants (IFAC) guideline for government financial reporting (1998 and 2003) are that it leads to: improved financial Position; better decisions on feasibility of providing services; better planning for future funding requirements; better management of cash position; repayment of liabilities; full records of assets; better financial Performance; making clear the total cost of service provided; unveiling if current activities are funded by running down net worth; allowing assessment of revenue requirements; improved resource allocation; helping with make/buy or rent/buy decisions; enabling delegation of the management of costs; recognizing the cost of delayed payments, e.g. pensions, and improves comparisons with the private sector; showing how a government has financed its activities and met its cash requirements; allowing users to evaluate a government's ongoing ability to finance its activities and to meet its liabilities and commitments; showing the financial position of a government and changes in its financial position; provide a government with the opportunity to demonstrate successful management of its resources and it

is useful in evaluating a government's performance in terms of its service costs, efficiency and accomplishments.

In the same vein, Wynne (2004) posited that the following points are often argued in favour of accrual based accounting: it provides more comprehensive financial information; it allows better management of assets, it can provide the full cost of public services.He questioned that are assets values really useful to public sector managers? He still argued that costing in the UK health service for example is still poor and inconsistent ten years after accrual based accounting was introduced. In addition, Cristina and Mihaela (2009) stated that the wider advantages of accrual based accounting have been argued on the following basis; accrual based financial accounts have more information than cash based accounts and have a greater focus on outputs rather than just inputs; the information available from accrual based accounts facilitates a better quality of management and decision making including in the case of the allocation of resources; it enables comparisons of the full cost of services with the costs of the provision of those services by the private and voluntary sectors; and it provides greater comparability of management performance results which are not affected by the timing of cash payments and receipts and which include information about fixed and current assets and liabilities.

Additionally, as contained in the South Asian Federation of Accountants Document (2006), the major benefits of adoption of accrual-based accounting system and International Public Sector Accounting Standards (IPSASs) are summarized as follows: the quality of government financial reporting can be improved manifold; comparable financial information is available; harmonization of financial reporting within the government entities; reliability of financial information increases; performance evaluation becomes easier; compliance reporting is possible with reference to principles and standards; accountability is ensured; efficient and standardize financial reporting system results into better decision-making; information on assets and liabilities are readily available and matching costs are recorded against the revenues.

In like manner, Evans in Yolanda (2012) also listed the functional benefits of accrual accounting to include: better measurement of costs and revenues, including comparisons between years; by showing full cost of programmes, facilitate assessment of programme performance; greater focus on outputs rather than inputs; more efficient and effective use of resources, for example, through charges for fixed assets; full cost of providing a service can be compared with outside suppliers; a better indication of the sustainability of government policy; improved accountability, enhancing the accountability of management for their performance; due to increased transparency, the result is better management performance; make available a wider assortment of information required for decision making; better financial management, providing a more effectual basis for decisions concerning high priority objectives and place of work bargaining (Evans, 1995).

In summary, Tikk (2010) stressed that: it is obvious that cameral accounting as an information system is not a satisfactory management tool for decision make. The major drawback of the traditional cash accounting is the inability to provide complete data, liabilities (especially long-term liabilities), revenues and expenses. Under the accrual accounting basis the transactions and events are recorded and recognized in the statements when they occur. Therefore, financial statements prepared in accordance with the rules of the accrual based accounting represent true and fair information of the assets, liabilities, revenue and expenses over the reporting periods.

Purpose of the Study

The main purpose of this study is to determine the perception of accountants towards the introduction of accrual-based accounting in financial reporting in Bayelsa State ministries. Specifically, the study seeks to determine:

1. The perception of accountants of the derivable benefits from the adoption of accrual-based accounting in government ministries in Bayelsa State.

Research Question

The following research questions will guide the study:

1. What are the accountants' perceptions of the derivable benefits from the adoption of accrual-based accounting in government ministries in Bayelsa State?

Hypotheses

The following null hypotheses were structured based on the research questions for the study and will be tested at a probability level of 0.05:

Ho_1: Years of experience is not a significant source of difference in the mean ratings of accountants' responses with respect to their perception of the derivable benefits from the adoption of accrual-based accounting in government ministries in Bayelsa State.

METHODS

Descriptive survey design was employed in the study. The population consists of 550 accounting staff in Bayelsa State. A total of 232 accountants were used in Bayelsa State ministry. The study developed an instrument titled "Perception of Accountants of the Derivable Benefits from The Adoption of Accrual-Based Accounting" (PADBAAA). The instrument is a four rating questionnaire items consisting of Strongly Agree (**SA**), Agree (**A**), Disgraced (**D**) and Strongly Disagree (**SD**) with values ranging from 4, 3, 2 and 1 respectively. PADBAAA was face validated by experts in vocational education program from university of Nigeria, Nsukka and Niger Delta University, Wilberforce Island, Amassoma, Bayelsa State. Test-retest method was used to obtain the reliability of the instrument. Computing with Crombach Alpha reliability method, the reliability value was calculated to be 0.88. Data obtained from the study was analyzed using mean, standard deviation and ANOVA.

ANALYSIS OF DATA

Research Question 1: *What are the accountants' perceptions of the derivable benefits from the adoption of accrual-based accounting in government ministries in Bayelsa State?*

To answer this research question, the relevant data collected for the purpose were analyzed and presented as shown in Table 1.

Table 1. Mean and standard deviation ratings of perception of accountants of the derivable benefits from the adoption of accrual-based accounting in government ministries in Bayelsa State

S/N	Questionnaire Items		SD	Decision
1.	More comprehensive Financial information	3.45	.64	Agreed
2.	Better management of accounts receivables	3.32	.61	Agreed
3.	Makes accounting work more professional	3.40	.65	Agreed
4.	Greater focus on outputs rather than on inputs	2.82	.85	Agreed
5.	Higher quality of management decision making	3.28	.67	Agreed
6.	Better comparability of management performance	3.15	.68	Agreed
7.	Higher budgetary compliance	2.95	.80	Agreed
8.	Better accountability and stewardship	3.29	2.12	Agreed
9.	Higher operational performance	3.03	.67	Agreed
10.	Higher ability to change behaviour	2.82	.82	Agreed
11.	Better harmonized financial reporting	3.17	.73	Agreed
12.	Better information on financial position	3.21	.65	Agreed
13.	Better compliance to principles and standards	3.18	.69	Agreed
14.	Increase and validity of financial information	3.30	2.07	Agreed
15.	Better assessment of financial resilience	3.24	2.01	Agreed
16.	Government's ability to finance activities increases	2.98	2.08	Agreed
	Overall Cluster mean	**3.16**	**1.05**	**Agreed**

Keys: = Mean, SD =Standard Deviation.

The data analysis presented in Table 1 shows that the responses of the accountants to questionnaire items 1-16 are within the mean limits of numbers ranging from 2.50-3.49.All the responses are in the affirmative. The results in a nut shell had shown that questionnaire items 1, 3, 2, 14, and 8 with mean values of 3.45, 3.40, 3.32, 3.30 and 3.29 respectively are the first five highest benefits in their rank order while items 9, 16,7,10 and 4 with mean values ranging from 3.03, 2.98, 2.95, 2.82 to 2.82 respectively are

the five benefits with the lowest mean ratings of the derivable benefits of accrual-based accounting based on the perception of the respondents. The overall cluster mean value of 3.16 is above the criterion mean of 2.50 used in this study. Therefore it implies that the respondents agreed in Unisom that accrual-based accounting is beneficial for improved accountability for effective decision making in the Bayelsa State ministries.

Hypothesis 1

Ho_1: Years of experience is not a significant source of difference in the mean ratings of accountants' responses with respect to their perception of the derivable benefits from the adoption of accrual-based accounting in government ministries in Bayelsa State.

Table 2. ANOVA result of mean responses of accountants based on their years of experience regarding their perception of the derivable benefits from the adoption of accrual-based accounting in government ministries in Bayelsa State

	Sum of Squares	Df	Mean Square	F	Sig.	Decision
Between Groups	.20	2	.10	2.11	.13	NS
Within Groups	2.15	45	.05			
Total	2.35	47				

F-tab = 3.23

Table 2 captures the ANOVA results of the mean. It shows that the F calculated is 2.11 and F tabulated value is 3.23. This implies that F calculated is less than F tabulated. This is overtly signaling that the difference between these years of experiences was not significant. The submission here has been equally confirmed by the P-value of 0.13 which is greater than 0.05. Based on this premise, the study therefore accepted the null hypothesis and concluded that years of experience is not a significant source of difference in the mean ratings of accountants' responses with respect to their perception of the derivable benefits from the adoption of accrual-based accounting in government ministries in Bayelsa State. Therefore, all the sampled respondents were of the opinion that the introduction of accrual-based accounting in government ministries will be beneficial for effective decision making and thus begged for its implementation. More so, the results in Table 2, shows that the between group difference of 0.20 is less than the within group difference of 2.15. What this implies is that the difference inside each of the different years of experience is greater than the difference between these different years of experience.

FINDINGS

The following were found from the study based on the research questions answered and the null hypotheses tested which are presented under the sub-headings below:

Accountants' perceptions of the derivable benefits from the adoption of accrual-based accounting in government ministries in Bayelsa State

In the results obtained from research question 1, the study found that a large chunk of the respondents pinpointed that the questionnaire items raised are the benefits of accrual-based accounting if adopted. The following are the most perceived benefits from the adoption of accrual-based accounting in government ministries in Bayelsa State in their rank order: More comprehensive financial information will be achieved; it makes accounting work more professional; it increases the validity of financial information; it will lead to better management of account receivables, and that it will bring about better accountability and stewardship with mean values of 3.45, 3.40, 3.30, 3.32 and 3.29 respectively, whereas other benefits include: greater focus on outputs rather than inputs; higher ability to change behavior, higher budgetary compliance, government's ability to finance activities increases, higher operational compliance, etc

From hypothesis 1, the study therefore accepted the null hypothesis and concluded that years of experience is not a significant source of difference in the mean ratings of accountants' responses with

respect to their perceptions of the derivable benefits from the adoption of accrual-based accounting in government ministries in Bayelsa State. Therefore, all the sampled respondents despite their different years of experience in service were of the opinion that the introduction of accrual-based accounting in government ministries will be beneficial for effective decision making and betterment of government ministries in the State.

DISCUSSION OF THE FINDINGS

The findings of the study were discussed based on the results of four research question answered and the null hypothesis tested under the following sub-heading.

Accountants' perceptions of the derivable benefits from the adoption of accrual-based accounting in government Ministries in Bayelsa State

The result of research question 1 as presented in Table 1 showed that the overall cluster mean of 3.16 was above the criterion mean of 2.50 in this study, which indicated that the respondents agreed that the introduction of accrual-based accounting would be beneficial to government ministries in Bayelsa State. This result is in consonance with Tikks (2010) who reported that financial statements prepared in accordance with the rules of the accrual based accounting represent true and fair information of the assets, liabilities, revenue and expenses over the reporting periods. More so, Evans in Yolanda (2012) listed the functional benefits of accrual accounting as better measurement of costs and revenues; including comparisons between years; by showing full cost of programmes; facilitate assessment of programme performance; greater focus on outputs rather than inputs; more efficient and effective use of resources. This result is also consistent with the assertions of Wynne (2004) which stated that the following points are often argued in favour of accrual based accounting: it provides more comprehensive financial information; it allows better management of assets. Furthermore, the findings of this study are also in congruence with the report of Cristina and Mihaela (2009) which posited that accrual based financial accounts have more information than cash based accounts and have a greater focus on outputs rather than just inputs; the information available from accrual based accounts facilitates a better quality of management and decision making including in the case of the allocation of resources, it enables comparisons of the full cost of services with the costs of the provision of those services by the private and voluntary sectors; and it provides greater comparability of management performance results which are not affected by the timing of cash payments and receipts and which include information about fixed and current assets and liabilities.

The result presented in Table 2 depicted the ANOVA result of the means. Based on the result in Table 2, the between group difference (0.20) is less than the within group difference (2.15). What this means is that the difference inside each of the different years of experience was greater than the difference between these different years of experience. The Table 2 equally showed that the F calculated value of 2.11 is less than the F tabulated value of 3.23. This means that the difference between these years of experiences was not significant. The submission here was equally confirmed by the P-value of 0.13 which is greater than 0.05. Based on these, the study therefore accepted the null hypothesis and concluded that years of experience is not a significant source of difference in the mean ratings of accountants' responses with respect to their perceptions of the derivable benefits from the adoption of accrual-based accounting in government ministries in Bayelsa State.

CONCLUSION

The adoption of accrual-based accounting system was the perception of accountants in government ministries in Bayelsa State considering its numerous benefits which include; more comprehensive financial information, better management of accounts receivables, better harmonized financial reporting, and increased government ability to finance activities, it makes accounting work more professional, better comparability of management performance among others.

RECOMMENDATIONS

Based on the findings of the study, it was recommended that Nigerian Accounting Standard Board should establish policies that will provide opportunity for accrual-based accounting to be adopted by the three tiers of governments.

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