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Public Sector Financial Management Reform (PSFMR) and International Accounting Standards (IPSASs)

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Abstract
The socioeconomic ambition of government and the dwindling nature of revenue sources coupled with financial/debt crisis across the globe raised serious concern among governments, especially the developing nations. Nigeria, just like other developing countries had been characterised with poor financial management system that paved way for mismanagement of resources and solidification of corrupt practices among government ministries, departments, and agencies' officials that are frontline government institutions. The effect of government financial decisions has been felt badly by the citizens over decades as it is evident in the economic hardship and dilapidated public infrastructure and poor social welfare services. To address these myriad problems, government must seek reformation and restructuring of public financial management system to enable efficient and effective delivery of public services. In a bid to encourage the transformation agenda of the Nigerian government, this paper identified and discussed some of the ongoing public financial management reforms under the platform of IPSAS in achieving the reform objectives. In particular, the study largely adopted the qualitative research approach through careful review of literatures and guidelines. The study posits that implementation of IPSAS accrual accounting is a key reform strategy in improving the public sector financial management system. Implementation of accrual accounting will definitely result to higher transparency and improve the quality of public sector financial reports. Therefore, the study concludes that strong political commitment is a key driver for the reform.

1.0 INTRODUCTION

The growth and increasing awareness of new public management reforms for over two decades is still ongoing as government are constantly seeking reformation and restructuring to enable better delivery of public services. The pressure for sustainable public service as a result of increase in budget for security, infrastructure, financial difficulties and mismanagement, failures in government project execution, debt crisis, has brought to light like never before the need for financial reporting by government and better management of public sector resources. Another point of pressure is from the citizens increasingly demanding to feel the impact of governments' financial management decisions and are pushing ever more forcefully for public sector organisations to deliver value for money. Nigerian government is currently faced with austerity measures targeted at refocusing the economic situations of the country. As a result of these pressures, the public sector must seek for long-lasting need to deliver public services with more efficient use of resources. A strong public sector financial management is essential for improving service delivery, poverty reduction, and achievement of millennium development goals (Pretorius and Pretorius, 2008). Complete and reliable annual accounts prepared based on the best practiced standards can help governments take the right financial and policy decisions for sound government finances. Public financial management reform is the way forward for ensuring that public money is well- spent and it is made to cover enough needs. It provides public sector managers with information to make decisions and measure efficient use of resources.

2.0 CONCEPTUAL REVIEW

In this section, the concept of public (sector) financial management (PFM), under-pinning theories and the preface to IPSAS are discussed. The drive for this part is to gain understanding and appreciate the relevance of PFM reforms in driving economic change and enhancing public sector governance.

2.1 Theoretical Clarification

The clamour for public sector financial management reforms are encouraged by the argument presented under the "resource curse theory". Studies and life experiences had shown that resource producing countries like Nigeria are faced with challenges of resource revenue management of which the populace are daily struggling and clamouring for government to do more. People realised that the effectiveness and efficiency of government financial control is not felt on the life of people and their economy.

The resource curse theory put light to our understanding of the great danger that lay ahead of resource producing countries like Nigeria. The dangers is that the revenue funds are derived from depleting an exhaustible asset and can, in some occasions, be generated without the scrutiny of taxpayers, donors, and lenders, resource revenues may pose important intergenerational, political, economy, civil unrest and governance challenges. Other curses are abandonment of other sources of revenue like tourism, agriculture, taxation, and so on.

Resource curse theory explains a complex phenomenon through which an abundance of resource revenues can translate into stagnation, waste, corruption and conflict. According to Daban and Helis (2010), some of the challenges are derived from the macroeconomic and budgetary difficulties associated with managing large and volatile funds. Therefore, resource revenue if well managed, it can translate to a big economic opportunity for the natural resource generating countries. To achieve this economic objective and to overcome the challenges associated with resource revenue generation, macroeconomic reform through robust PFM discipline with strong and comprehensive reporting platform is paramount. Here the importance of IPSAS as a tool in a financial management reporting and measurement system must be in place for information provision that is informative in guiding decision by policy makers and to encourage public lender and donor organisations.

2.2 The Concept of PFM

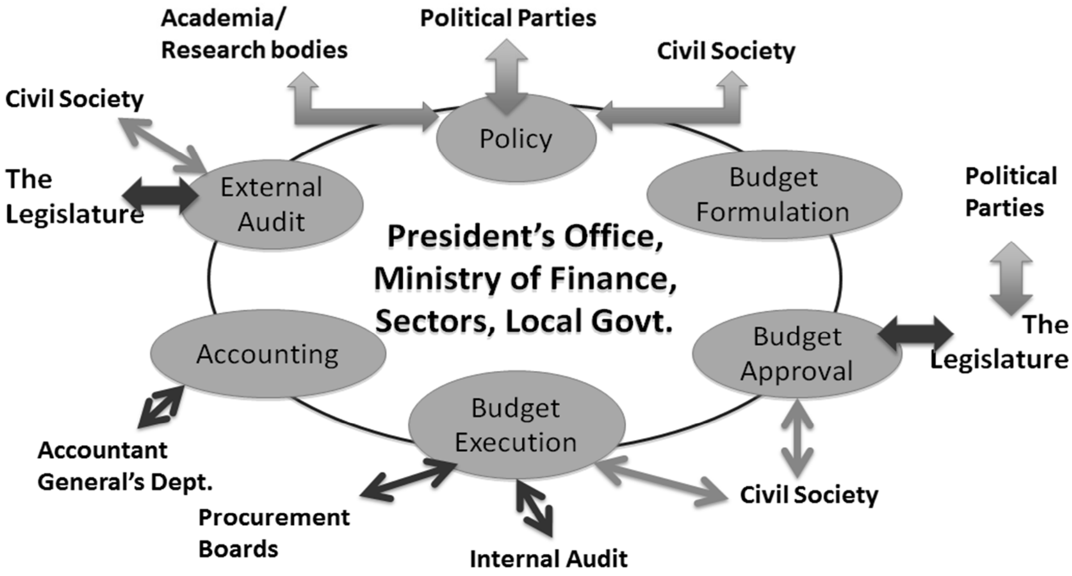
Public financial management is an important means of economic growth and development of every sovereign nation. Lawson (2015) defined PFM as the set of laws, rules, systems and processes used by sovereign nations (and sub-national governments), to mobilise revenue, allocate public funds, undertake public spending, account for funds and audit results. In this view, PFM is a system comprises of many processes, involve several government institutions, under the auspices of laws and rules that define functions and responsibilities and guide the relationships between or among the various parts of the system. The overall objective of PFM deduced from this view is to collect revenue for the government and allocate the revenue in form of expenditures for the economic benefits of all through a demonstrated transparent and accountable manner.

The Chartered Institute of Public Finance and Accounting (CIPFA) (as in IFAC, 2012), defined PFM as the system by which financial management resources are planned, directed and controlled to enable and influence the efficient and effective delivery of public service goals. It is a system by which financial activities of public sectors are directly controlled and influenced to support the public sector goals of management in revenue collection and expenditure for sustainable economic and political environment. The goals are perceived as a consolidated sustainable social benefits, grouped as funder results, public value, community value and individual value. This definition viewed PFM in the light of single objective view – social benefits. Unfortunately, PFM is wider and broader than the perspective perceived by CIPFA. This definition viewed PFM with a whole system approach. In the opinion of Parry (2010), PFM should be seen as an information and a purposive system with multiple objectives which can usefully be viewed as a series of dimensions working together to an aggregate result. This view is rather attractive and rhyme with the scope of IPSAS. Also, the process must be purposive which is deliberately taken in strong political will by leaders and policy makers.

Based on the CIPFA definition of PFM, the scope of public sector financial management could summarised to involve: planning – sources of funds and expenditure as identified public economic objectives, direction – allocation of the resources for specified economic objectives and control, ensuring that government business are done in accordance with laws, rules, principles and standards and that evaluation is conducted to enable correction and improvement in the future. The scope of PFM in Nigeria can also be viewed in this structure which consist of several phases and participants. Onuorah and Ebimobowei (2012) viewed PFM to be concerned with the planning, organizing, procurement and utilization of government financial resources as well as the formulation of appropriate policies in order to achieve the aspirations of the members of that society. According to this assertion, the aspiration of public is the key objective of PFM. The aspiration which translate to public interest could be short term demands or long term needs. Most often, the aspiration of the populace has been to satisfy their immediate (short term) demands which government must balance these demands with sustainable interest of the society. Just like the current economic hardship the country is going through, as a result of austerity measures taken by the government to coup corruption in the system, people are demanding for government financial actions that could yield immediate result to alleviate the suffering of the people, not minding the long term benefits that are perceived to be derivable from policies. For this reason, the scope of PFM is constantly undergoing a structural and policy reforms for both short and long term objectives which requires a solid foundation or platform that can improve transparency and accountability of the government to public. A transparent and accountable framework of reporting to the public such as the one provided by IPSAS will go a long way in educating and informing the general public about government policies and to win their individual and group support.

As put by Shaikh and Naeem (2014), public expenditure on public services accounts for more than one third of GDP in most countries, however, in developing countries like Nigeria, the proportion of public expenditure to GDP is higher than the claim of this assertion. Therefore, interest and expectations of public services are of high importance to sustainable development and management of public funds needs to be able to withstand scrutiny from all quarters. PFM is a broader function that encompasses many responsibilities which form a set of circle. The circle commonly consist of six stages beginning with policy design and ending with audit and evaluation of performance. In figure 1 below, Lawson (2015) presented the summary of the common view PFM phases in form of a circle.

Figure 1: PFM Circle and Participants



Source: Lawson, 2015

The PFM system as a circle, is an essential framework for effective management of institutions and resources without compromising the accountability and transparency requirement of government business activities. The framework operates as an integrated body of other systems that are independently instituted by laws to function in country's economic and political environment. Functions and responsibilities of another part of phase in the circle has a causal relationship with others. It is important that all the parts discharge their responsibility well and according to the prescribed laws and rules. If this is done, the feedback from the system will provide bases for evaluation of performance which will build ground for improvement on the system. Looking at the Lawson's model, it stresses only one side of PFM, which is budgeting without giving considerable place for financial reporting. The above figure can be modified to include more emphasis on financial reporting phase build on the IPSAS framework. Inclusion of IPSAS financial reporting frame work will provide common bases of evaluation and serve as huge source of information, importantly for policy making phase (academia/researchers, political parties, civil society, lenders and donors) and other phases.

2.2.1 Objectives of PFM

Financial management in a private sector is an effective tool or means of achieving business objectives. So also in the public sector, as stated by Shaikh and Naeem (2014), sound public financial management is critical to the achievement of the aims and objectives of the public sector through its role in improving the quality of public service outcomes; operational and strategic decision-making; long term sustainability of public services; building public trust in the performance of the sector; and ensuring the efficient and effective use of public funds. In addition to these roles is the government responsibility to be accountable to the general public. Accountability is demonstrated through transparent reporting. Therefore, adoption IPSAS provides a common bases for comparison of the past performance reports and across institution of the government. There are basically four objective dimensions of PFM (Lawson, 2015; Parry, 2010; Shaikh and Naeem, 2010).

A. Aggregate fiscal management: This dimension of the objectives of PFM focuses on the fundamental requirement of every government, which is to manage its financial resources at the aggregate level. The accounting models here represents the financial flows and resultant balance sheets which provides basis for monitoring, controlling and ultimately managing public finances. The aggregate fiscal management dimension is further sub-divided into three specific objectives, which are fiscal sustainability, maximising resources mobilisation, and resource allocation in accordance with policy priorities.

   i. Fiscal Sustainability – the main focus of fiscal sustainability is to enable government harness and manage its aggregate funds including borrowings to finance its activities. For many years, fiscal sustainability has been a problem in Nigeria because of leakages in government revenues. In 2013 Nigerian government implemented the Treasury Single Account (TSA) in Ministries Department and Agencies (MDA) as the first step to addressing the problem of revenue leakages (OSGF, 2015). The current administration crystallised the policy implementation which yielded a very good result. Beside this, government are also face with fiscal risk which must be well managed and provided for. Fiscal risk is probability of potential liabilities which do not at any point in time amounted to real liability but under certain condition may crystallised and become a real liability. E.g. Loan guarantee to state government as bailout. Accounting provides the only comprehensive model explaining the relationship between revenue and expenditure, but still faced with difficulties of measuring and reporting fiscal risk otherwise known as contingent liabilities in the private sector financial reporting.

ii. Another face of aggregate fiscal management is maximising resource mobilisation. Public sector is constrained by limited resources just like any other organisation or individual, which draws that the available resources must be well managed to achieve objectives. Resource mobilisation take place at many levels which include credible financial reporting, strong PFM which could encourage inward investment, and enhanced PFM which could encourage external lenders and donors.

iii. Resource allocation in accordance with policy priorities: Allocation of resources is at the heart of every budget planning process. PFM must ensure that the limited public resources are allocated according to the provision of law in form of budget directed at identified economic objectives. PFM through the use of budget should provide a mechanism for linking policy objectives to resource constrain.

B. Operational management: In the day-to-day public sector activities, PFM plays significant role by ensuring proper management of funds through effective performance management, delivering value for money, and managing within the budget.

i. Effective performance management – An effective performance management is the one that is able to develop measures of input and output against which objectives performance can be measured. Aguinis (2013) viewed performance management as the continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization. The great challenge of performance measurement is the nature of public sector business orientation. In private sector, input and out are measured in monetary values thereby making it convenient and acceptable to rational thinking in assessing performance. The case is different in the public sector. Inputs are conveniently measured in money value whereas the output is not measured in financial terms.

ii. Delivering value for money – This aspect of operational management objective is rather narrow in perspective. The main target here is to ensure effectiveness, efficiency and economy. This hover around choosing appropriate methodology e.g. public procurement system, making sure required funds are made available and on time when needed.

iii. Managing within the budget – Budget is a legal document that gives government the right of raising revenue and incur expenditure. Managing within the budget requires provision of information on time regarding budget allocation commitments and actual expenditures. Therefore, efficient budget, commitment management and accounting system providing on time and relevant reports is essential for budget management.

C. Fiduciary risk management: This is the risk that public money may be stolen, used for purposes other than the intended purpose, or used corruptly. This kind of risk is the one that has been bordering many governments and PFM is one of the solution which provide a way of risk management through effective financial control, compliance with regulatory and legal requirements, and proper oversight of public finances.

D. Governance: Governance is an important dimension of the objectives of PFM because of the concept, government is acting in the interest of the general public. An important question here is what is public interest? Can it be measured or recorded in another form? Is government really acting in public interest? These questions are difficult to answer are still open for debate more especially in Nigeria. The difficulties faced in PFM in Nigeria has been achieving the governance dimension of objective PFM because of corruption and weak political will. The public is grouped into civil society and external stakeholders. The primary interest is civil society, however, the interest of external stakeholders such as lenders and donors cannot be forgotten. Public sector governance must meet the needs of all these group of stakeholders through governance structures that reflects the interest of all, transparently and accountable.

2.3 FINANCIAL MANAGEMENT REFORMS IN NIGERIA

Sound PFM is a catalyst for sustainable developmental processes, which is critical to achieve aggregate control of public funds, prioritisation of objectives, accountability and transparency in the management the funds and delivery of social services. In Nigeria and any other developing nation, reformation of PFM system is paramount in order to address the dwindling nature public sector level of transparency and accountability. In the quest to achieve these objectives, Nigerian government have sought for various reforms since the return of democracy in 1999. As at this time, there are seven ongoing reforms that are related to PFM. These are budgeting and budget management reforms; cash management and treasury single account (TSA); new classification system and public accountability, adoption of IPSAS, accounting transaction recording and reporting system modernisation and the internal audit, and human resource development (GIFMIS, 2016). Specifically, IPSAS adoption is believed to be a strong tool of achieving vibrant PFM through the lens of transparency and accountability.

IPSAS is critical to the success of sound PFM and can enable strong fight against corruption through transparent and accountable reporting of government performance via standardised recording and accounting system. Olomiyete (2014) posited that reforming Nigerian PFM system from cash basis to accrual accounting system can help in strengthening the quality of government accounting and reporting system. The assertion here is that through IPSAS accrual accounting system, government performance can be better measured and held accountable for, which in turn would improve on understanding corruption perception. Ogujiuba and Okafor (2013) stresses the need for further reform in the Nigerian PFM because of the weak and poor fiscal outcomes of the nation. Okoroafor (2016) examined the implications of the public sector reforms on the accounting and budgeting systems in the Nigerian public sector. The study established that there is a need for further reform in the public sector financial reporting systems to ensure the achievement of the economic reforms which are to enhance transparency, efficiency, accountability and economic growth/development in Nigeria. One of the best reform needed is to adopt the globally best practice and public sector reporting framework established by IPSAS. Andrews (2010) stated that different countries in Africa fall into different 'PFM performance leagues' and each league look very different to each other. A range factors such as economic growth, political stability, reform tenure and colonial heritage influences which league a country belongs to (Andrews, 2010). Therefore, the suggested and the believed to be viable means of improving the weakness of Nigerian fiscal outcomes, accounting, transparency, and accountability reporting is the adoption IPSAS as a reform strategy. Furthermore, IPSAS is capable of reducing the differences in PFM reforms across African nations. IPSAS can give the general public and civil society access to better detailed financial information about government business and management of public funds, which could be a source of bringing political officers to accountability.

3.0 THE CONCEPT OF INTERNATIONAL IC SECTOR ACCOUNTING STANDARDS

IPSAS is a set of accounting standards for public sector financial reporting which is applicable both locally and internationally for reformation or structuring PFM system. It focuses on generating accountable and transparent financial information about the businesses of public sector, fashioned after internationally best practices to reduce corruption and other financial irregularities. International public sector accounting standard board (IPSASB) is the body responsible for the development and issues of IPSAS. The IPSASB is a body under the International Federation of Accountants (IFAC) based in UK. The project for IPSAS started 1997 with the intention to bring innovation in the PFM system to promote accountability and transparency and to bring about uniformity in the multi-purpose financial reporting in public sector organisation, enabling comparison and effective management.

IPSASB which is formally known as the Public Sector Committee of the IFAC, focuses on the accounting, auditing, and financial reporting needs of national, regional, and local governments, related governmental agencies, and the constituencies they serve (IPSASB, 2016). These needs are addressed by issuing and promoting benchmark guidance, conducting educational and research programs, and facilitating the exchange of information among accountants and those that work in the public sector or rely on its work. The board was first established in the late 1996 to develop by the end of 2001 a background paper identifying current practices and issues in public sector financial reporting, a core set of IPSAS based (to the extent appropriate) on the International Accounting Standards in place as at August 1997, an IPSAS on the cash basis of accounting, and guidance on the transition from the cash to the accrual basis of accounting (IPSASB, 2016). The IPSAS are developed in two phases to be used succinctly by the adopting institutions. The first part is the cash bases of IPSAS followed by the accrual bases. The accrual base of IPSAS is based on the convergence with International Financial Reporting Standards (IFRS).

So far, the IPSASB have issued 38 IPSAS with three Recommended Practice Guidelines (RPG). Nigeria has adopted the IPSAS since 2013 and significant steps has been taken to gradually move from the traditional cash bases. The first part of IPSAS which is IPSAS cash bases has been implemented in 2014 with plan to fully move to the accrual bases in 2016. However the 2016 plan is not successful yet and the process has been halted due some difficulties such as accounting infrastructures.

3.1 the Objectives of IPSAS

The broad objective of IPSASs is aimed at improving the quality of general purpose financial reporting by public sector entities, leading to better informed assessments made by government of the resource allocation decisions made by the governments, thereby increasing transparency and accountability (IFAC, 2016). Other objectives are:

i. To provide a base for comparison of public sector entities performance
ii. To enable comparison of the past result with the current
iii. To harmonised the reporting practices in the public sector organisation across countries,
iv. To provide better and improved information for PFM system.

3.2 The Scope and Authority of IPSAS

IPSASB (2015) presented the following the scope and authority of IPSAS.

i. IPSASB develops standards which covers both cash and accrual bases of accounting,
ii. It set out requirements dealing with transactions and other event presented in general purpose financial reporting,
iii. IPSAS are designed to apply to public sector general purpose financial report other than government business entities (GBEs),
iv. Any limitation of the applicability of any IPSAS is set out and explained in the standard. The standards are applicable to immaterial matters,
v. IPSASB has adopted that any paragraph in the standards shall have equal authority.

4.0 APPLICABILITY OF IPSAS FOR PFM

Following the discussion so far, the entire focus and aim of IPSAS is to bring about change in PFM system. The standards targeted transparency and accountability which is also one of the important function of public sector financial management. The objective of IPSASB is to provide high quality standards and recommended practice guidelines for the preparation of general purpose financial reporting in public sector. This is to enhance quality and transparency in public sector financial reporting by providing better information for PFM and decision making (IPSASB, 2015). This statement of objective is a clear claim that IPSAS are for public sector financial management effective administration. The standards helps PFM system align policy objectives with budget and enable bases for evaluation and control, and overall management of performance.

This is to say that there exist a strong relationship between IPSAS and PFM. IPSAS is a strong revolutionary instrument in the hand of PFM system which serve as a significant source of comprehensive information source to all participants of public sector financial management system circle. It performs the function of both input, process and output for the effective mobilisation of public resources, allocation and evaluating effective used of those resources. As stated by IPSASB (2011), the financial and sovereign debt crises experienced globally have brought to light, as never before, the need for improved financial reporting by governments worldwide, and the need for improvements in the management of public sector resources. Citizens are affected by a government's financial management decisions, which could lead to some sort of agitation and clamour. Strong and transparent financial reporting has the potential to improve public sector decision making and make governments more accountable to their constituents' which will in turn pacify the clamour of public interest. The failure of governments to manage their finances has in the past, and could again in the future, have dramatic consequences such as loss of democratic control, social unrest, and the failure of governments to meet their commitments today and in the future (IPSASB, 2011).

IPSAS, especially the accrual bases provides governance system with high quality data and information for policy decisions and evaluation of the policy towards sustainable resource management. In the view of the Federation of European Accountants (2016), IPSAS accrual base which is the main transition target of IFAC and various countries PFM, brings benefits such as effective use of asset, managing liabilities, managing performance, addressing the citizen's right to know, improved transparency and comparability, and enabling savings for future generation. IFAC (2012, p1) stated that

"Government must implement the necessary institutional arrangements required to enhance public sector financial management transparency and accountability. And integral and essential part of these arrangements is the use accrual based accounting – through the adoption and implementation of international Public Sector Accounting Standards – which promote greater transparency and accountability in public sector finances and allows enhance monitoring of government debt and their true economic implications".

This statement of policy position further stresses the essential need for IPSAS in the PFM system for better service delivery and sustainable resource mobilisation in the public sector. Government must act in public interest they represent. As stated earlier, these interests include those of other external stakeholders like lenders (creditors), as such government owed them responsibility for timely, reliable and detailed information of their financial performance and position. This particular responsibility is difficult and impossible to achieve under the traditional cash bases of accounting because it does not recognize future liabilities resulting from current activities and assets are not adequately provided for. This particular demands for information from public sector stakeholders necessitated the need for reforms in government finances and management system which is adequately supported and provided for under IPSAS.

The level of adoption of IPSAS across country is still ongoing at an accelerating rate more especially in the developing countries. The developing countries are back warded in development as a result partly attributed to poor PFM characterised by high level of corruption, mismanagement and diversion of funds for personal gains, lack of transparency on the side of government, limited information for informed decision making, and so on. Countries like Nigeria that are endowed with natural resources are languishing in poverty in the midst of plenty. To address the problem of economic and political challenges, most developing countries depends on borrowing and donations from reach nations and other international organisations such as World Bank (WB), United Nation (UN), North Atlantic Treaty Organisation (NATO). These organisation and many more requires that financial business of receiving nations must be transparent and demonstrate accountability so as to enable monitor their investment and ensuring that their donations are used for the purpose they intended it for. Hence they advocate the adoption of IPSAS as solution thereby making IPSAS adoption as a key instrument of gaining more foreign aids and investment in the businesses of governments.

4.1 Impact of IPSAS on Reforming Government Financial information System

The IPSASB standards has come to stay and many countries (both developed and developing) have adopted it as a means of reforming their financial information systems. Some countries rejected it on the ground that it is too detailed leading to disclosure of unwanted information about government like things that pertains to arms and security while others converge because they are already practice their local accrual accounting system. In Africa, countries like Nigeria, Kenya, Morocco, South Africa, Libya, Lesotho, Ghana, Namibia, Mauritania, etc. have adopted the IPSAS cash and accrual based IPSAS. Researches were conducted to assess the level of IPSAS's impact on financial and economic reforms, more especially in developing countries.

There are prolific paper reporting their research findings on how IPSAS has impacted on the PFM reforms across countries. One of such reports is an evaluation conducted by Lawson (2012) under the umbrella of Organisation for Economic Co-operation and Development (OECD). The evaluation used a sample of 100 countries guided by two main questions: (i) where and why do PFM reforms deliver results and (ii) where and how does donor support to PFM reform efforts contribute most effectively to results? Some key findings of the report are:

i. PFM reforms deliver results when there is strong political commitment,
ii. When there is alignment between design and reformation model and institutional context,
iii. When there is strong coordination arrangements lead by government officials,
iv. Reform outcomes are generally more favourable where a wide range of policy options is available at the outset or where the mechanisms for monitoring and coordination of reforms promote active lesson learning and adaptation during the implementation process, and
v. Pressure from external donor, domestic pressure, legislature or Civil Society w2hich would generally contribute to preserving political commitment for reform, proved insufficient to generate political commitment for PFM reform, where it was lacking.

Based the result of this study, political will or commitment is key to successful PFM reform implementation. Lack of commitment and limited right for civil society to participate in the reform process undermines its success in developing countries which are characterised by poor political environment. Christiaens, et al (2013) carried out a survey research using questionnaire administered on European countries to examine the extent which IPSAS-inspired accrual accounting is adopted in central / local governments worldwide as well as to investigate which factors affect the differing level of their adoption. The result shows that there is a significant move from budgetary/cash accounting to IPSAS based accrual accounting. They posited that the shift evidenced in emerging countries is rather encourage by resource dependency theory. Most countries depending on donations from IMF and other donor organisation moved to reform their PFM to accrual accounting of IPSAS. Another reason for the shift is related to accounting model a country belongs to. They argued that the Anglo-Saxon world tend to move to accrual accounting because of the IPSAS and IFRS principle based which is the feature of Anglo-Saxon countries.

SUMMARY AND CONCLUSION

PFM is and effective and must use tool and system that enables government deliver public services to its population. It is a financial management process that by laws and rules facilitate economical use of uses. This include both souring of revenue and expenditure. As a system, it enables government to have a purpose and sense of direction generating revenue and directing the revenue for economic growth and development. However, there are several factors militating against the achievement PFM goals ranging from lack of adequate funds to corrupt practices. One way of one of coping with menace is to increase accountability and transparency through the adoption IPSAS. IPSAS is a standard best practice PFM tool that foster accountability and transparency in public sector.

Therefore, IPSAS is an importance means of improving government delivery of public services and enhance utilisation of revenue. The challenges faced by PFM in Nigeria is the fight back by corrupt practices, dwindling revenue, lack of restiveness in the oil producing communities, poor accounting and information technology infrastructure. Above all, there is week political commitment towards reformation of PFM that could fizzle out corruption. There is need also for Nigerian government to diversify its revenue base, from mainly oil to agriculture and other mining of natural resources in other to cope with the global crisis in oil prices. Finally, in our opinion in this paper we conclude that if Nigerian government could successfully transit to IPSAS, financial leakages, misappropriation, corrupt practices, and other financial irregularities would be reduced more than it is with the efforts of the anti-corruption agencies or commission. The most important need is political and judiciary commitment and will to transform Nigerian PFM system.

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